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Military Support to Economic Normalization Handbook



U.S. Joint Forces Command

Joint Warfighting Center Joint Doctrine Suffolk, Virginia Joint Concept Development and Experimentation Norfolk, Virginia

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MESSAGE TO THE JOINT WARFIGHTERS

Over the past several decades, the Department of Defense has learned many lessons in Bosnia, Kosovo, Somalia, Afghanistan, Iraq, and elsewhere while conducting stability operations. Although FM 3-07, *Stability Operations*, provides a basic foundation for military activities across all five stability operations sectors, there has been little doctrine or guidance published specifically for military support to economic normalization. This handbook is one of a series intended to provide more detailed guidance at the operational level on the range of functions required to achieve stability during or in the immediate post-conflict. It stresses the importance of coordination with other agencies, and focuses on considering economic factors during planning, and defining military supported and supporting roles in stability operations.

While the handbook defines and discusses many potential military roles related to the economy, there is no implication that US forces will automatically undertake any or all of these in a given instance. Rather, the handbook lays out the range of options available to support the process of economic normalization, and special factors that may need to be taken into account. The information in this handbook can also inform recommendations to national-level authorities regarding possible economic normalization activities. At the operational level, the handbook is intended to help identify specific economic related tasks that may be required of joint forces to support stability.

As the United States Joint Forces Command continues to interact with the Combatant Commands, Services, and Agencies, we recognize that there is no universal methodology on how military support to economic normalization is planned and conducted. As a result of this realization, this handbook is a documented approach to ensure commonly accepted, effective, and practical "best practices" in planning and conducting military support to economic normalization is formalized and embraced. This handbook has been developed to provide the Joint Warfighter a common, practical baseline of "best practices" in the planning and conduct of military support to economic normalization in the joint operating environment. While this handbook does contain extracts from some doctrinal publications, it is not in itself doctrine. It serves as an important pre-doctrinal product that will help us capture good ideas and practices. Suggestions for improving this handbook are encouraged and can be forwarded to the Director, Joint Concept Development and Experimentation, and the Commander, Joint Warfighting Center. Respective POCs are LtCol Erin D. Coady, USMC, (757) 203-6028, erin.coady@jfcom.mil; and Mr. Dave Spangler, (757) 203-6028, david.spangler @jfcom.mil.

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Preface

PREFACE

1. Scope

The *Military Support to Economic Normalization Handbook* provides established and evolving tactics, techniques, and procedures used by military personnel involved in day-to-day support to economic normalization.

2. Purpose

This handbook serves as a bridge between current operational-level doctrine and tacticallevel employment at the joint force level. It is intended to inform doctrine writers, educators, and trainers about military support to economic normalization. It supplements, not replaces, existing joint or Service doctrine. The handbook is designed for use by personnel assigned to (or participating in) a joint operation and provides guidance at the operational level on the range of functions required to secure economic stability during or in the immediate post-conflict. Where doctrine is absent, it also presents definitions and constructs from the interagency and international community that have been harmonized with joint doctrine and discusses those "best practices" that have proven of value during on-going military operations, exercises, and experimentation.

3. Application

The handbook is meant to educate the joint community about military support to economic normalization and to offer some useful techniques and procedures that can be used in the combatant commands and subordinate units by commanders and their staffs.

4. Command

The recommendations in this handbook are based on best practices observed during current operations, consultation with other US agencies, exercises, experimentation, and prototyping, as well as existing joint doctrine. Commanders may tailor specific elements to conform to their individual staff requirements.

Preface

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CHAPTER I

ESTABLISHING PRIORITIES

"We know that at least in the early phases of any conflict, contingency or natural disaster, the U.S. military – as has been the case throughout our history – will be responsible for security, reconstruction, and providing basic sustenance and public services. I make it a point to reinforce this message before military audiences, to ensure that the lessons learned and relearned in recent years are not forgotten or again pushed to the margins."

Secretary of Defense Robert M. Gates

SECTION A. INTRODUCTION

1. Overview

a. Economic normalization is enabling a host nation establish a sense of stability by resuming the routine commercial activities of operating businesses, employment, and markets. It does not equate to returning to the status quo, or conditions that existed prior to the conflict, particularly if these contributed to the conflict.

b. Whenever military forces conduct stability operations, it could involve combat operations and typically initially focuses on securing and safeguarding the populace, reestablishing civil law and order, restoring public services and key infrastructure. Many of the stability operations tasks are best performed by indigenous, foreign or U.S. civilian subject matter experts (SMEs). However, because of the hostile environment, military dominating presence, ability to control forces, logistics capabilities, or the lack such capacities by other agencies, U.S. military forces are directed by Department of Defense (DOD) policy to be prepared to lead the activities necessary to accomplish these tasks. Once legitimate civil authority is prepared to conduct such tasks, US military forces will transition to support the activities.

2. Early Engagement

a. Because DOD must be prepared to conduct stability operations throughout the range of military operations, planning for the likely post-conflict requirements related to the economy should begin as early as possible. As noted by the US Agency for International Development¹, early attention to the fundamentals of economic growth increases the likelihood of successfully preventing a return to conflict and moving forward with renewed growth. To ensure proper focus, military planning must reflect the right balance between the economic, political, security, and humanitarian dimensions in the operational plan. Striking that balance, which will be unique to the phase of the intervention, may require acceptance of incompatibilities among these dimensions. The point is: stability operations are meant to be short term and while they are being conducted, socio-economic tasks can and should take place when the opportunity exists. However, if humanitarian assistance, basic security and essential services do not exist, then achieving economic normalization will be very difficult. US Agency for International

¹US Agency for International Development. A Guide to Economic Growth in Post-Conflict Countries, (2007).

Development (USAID) uses the illustration in Figure I-1 below² to illustrate the relative level of effort of the various sectors over time. While requirements will vary depending on the conflict, security and humanitarian assistance may account for approximately 50% or more of the initial effort, emphasizing the importance of security to economic normalization.

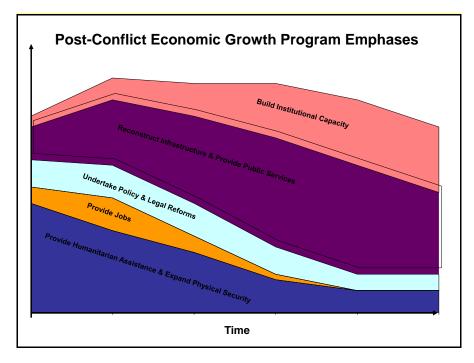


Figure I-1. Post-Conflict Economic Growth Program Emphasis

b. In the aftermath of a conflict or crisis, the US military will ultimately have a broad array of partners, many of whom will have expertise in specific areas that the military lacks. This handbook has been developed in concert with many of these organizations in order to achieve consistency in the methodology used to assess, identify opportunities, develop programs and prioritize resource allocation. Wherever possible, organizations with specific expertise in a given area will be identified in order to facilitate coordination. The military's role should be to provide security first - "stop the bleeding" in the short term - and prepare to transition to appropriate civilian agencies in the long term.

3. Context

a. Because of the complexity of the economic system following a conflict, each handbook chapter has been written to include a discussion on how to assess the economic situation, placing

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particular emphasis on the social and political impact on economic developments. The first chapter of the handbook gives an overview of a process that can help quickly identify and prioritize critical problems related to the economy using off the shelf information. The chapters that follow review how planners may design and evaluate courses of action to address specific problems in key sectors of the economy, including generating employment, restoring commerce and the private sector, reviving trade and investment, encouraging agriculture, and supporting monetary stability and the expansion of financial services. Each chapter provides guidance concerning metrics and included throughout the handbook are vignettes and case studies of past stability operation efforts from which a number of "best practices" can be identified.

b. While it is possible to use this handbook in a standalone fashion, economic considerations should be integrated with security, governance, infrastructure and other sectoral considerations to accomplish the mission. For example, if the focus is solely on employment generation for economic stability, without regard to social reconciliation or other interrelated aspects, joint force actions may actually cause instability. If possible, immediate tasks to normalize should be undertaken with a view towards transitioning these to more mid and longer term efforts. There is no magic switch that, when flipped, will result in a healthy economy; rather, a series of combined and integrated actions should be utilized resulting in positive complimentary effects over time.

4. Coordination

a. The long-term goal of economic normalization is to contribute to societal stability, complementing efforts to restructure security forces, disarm, demobilize and reintegrate combatants, and reconcile segments of the population. Achieving stability generally requires an extended period of time and the coordinated efforts of domestic and international partners, most of which are civilian agencies or which reside in the private sector. Accordingly, plan to participate in, establish and use mechanisms to coordinate with national governments, international organizations, and domestic and foreign nongovernmental organizations with regional expertise and experience in nation-building. Joint force efforts should build upon the humanitarian assistance and disaster relief and focus on security and initiate stabilization and reconstruction efforts that set conditions for and can transition to follow-on civilian efforts. The goal is to start a country on a path to societal stability, economic growth, job creation, and an invigorated private sector. Because this may occur at a moment when that country is most receptive to accepting fundamental change, it is especially important that efforts be informed by policy and supportive of other efforts. Again, economic normalization is not necessarily a return to the status quo, because those conditions may have contributed to the conflict.

5. Principles

a. Attaining economic normalization requires plans and actions conforming to a set of general principles. Below are proposed basic principles for economic normalization based in part on the OECD Principles for Good International Engagement in Fragile States,³ USAID's Nine Principles for Reconstruction and Development, and others:

³ OECD Principles for Good International Engagement in Fragile States, 20 March 2007

(1) Take context as the starting point.⁴ It is important to understand the policy, strategy, environment and performance of a country's economy. The constraints of a government's capability, capacity, political will and legitimacy and a country's physical environment are essential knowledge when planning stability operations. This is best achieved by participating in a common assessment and working as part of a whole of U.S. government strategic response.

(2) Focus on institutional capacity and state-building as the central objective. This applies more to state, provincial, and local government ministries or departments than to national level entities. Good governance and economic normalization go hand in hand and a focus on institutional capacity and state-building makes short term efforts easier to relate and transition to the longer term strategic program. This is not institutional reform, which is difficult and takes a long time. It is meant to emphasize the importance of host nation ownership and building the country's capacity to honestly administer its institutions. Establish modest goals for:

(a) Ensuring security and justice. Security is the military's greatest contribution and is a prerequisite for stability and economic normalization.

(b) Mobilizing revenue, providing basic services, and generating employment.

(3) Plan, organize and measure progress around objectives or outcomes addressing the drivers of conflict and the drivers of change. While joint doctrine provides several recommendations for constructing logical lines of operation (LOO) in a campaign, most examples have used either the national instruments of power (DIME) or functions (maintain security, develop governance, and facilitate civil administration). Planning and organizing around outcomes can facilitate greater coordination among functions. This is consistent with State Department Principles of Planning Framework for Reconstruction, Stabilization and Conflict Transformation which states that "Major Mission Elements (MMEs) therefore must be a narrow tailored set of outcome statements that are together necessary and sufficient to achieve the overall policy goal within the stated timeframe. Stating MMEs as objectives will help planners avoid stovepiped responses based on current capabilities." Each LOO has a political, security, economic, social, informational and other elements. Each needs to be pursued on a full time basis, coordinated with third parties by the executing organization, and hence would draw in all relevant staff sections from across the JTF and the Embassy. Examples of this might be to plan and organize around lines of operation like: "counter external support to insurgency" or "ensure the country's oil reaches international markets."

(4) Use existing processes and coordination mechanisms to partner with appropriate organizations. The Office of the Secretary of Defense and the Joint Staff coordinate with other Departments in Washington using various mechanisms. The U.S. Country Team under the Chief of Mission is the existing and proven mechanism in the field. JP 3-33 flexibly defines military structures to handle complex challenges requiring coordination of all elements of national power.

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SECTION B. ASSESSING A POST-CONFLICT ECONOMY

The Military Problem

What economic factors should be considered in the Joint Operational Planning Process, what resources are available, and what other organizations should be engaged during the planning?

1. Economic Normalization and the Joint Operational Planning Process

a. Post-conflict economic normalization involves planning and executing measures to help a country emerging from conflict, reduce the risk of returning to conflict, provide for the wellbeing of its population, and promote political and social stability. Including economic normalization considerations in the Joint Operational Planning Process requires an assessment of the pre-conflict and likely post-conflict state of an economy in order to understand the dynamics of a country's economy and how they interrelate with the other political, military, social, information, and infrastructure systems. This understanding supports mission analysis and developing potential courses of action. This Chapter provides a recommended approach to conduct a rapid assessment using readily available information, which facilitates meaningful engagement with other U.S. Government (USG) Departments and Agencies. Principles of Interagency Conflict Assessment Framework is a USG approved framework enabling an interagency team to assess conflict situations systematically and collaboratively and supports USG interagency planning for conflict prevention, mitigation, and stabilization. This participation furthers a shared understanding of USG strategic objectives and informs defining, prioritizing and sequencing prospective military tasks supporting economic normalization.

b. An assessment of anticipated post-conflict economic conditions for purposes of military planning is fundamentally different from a post-conflict assessment conducted by civilian agencies and organizations. While civilian agencies may have a wider degree of experience in post-conflict stabilization and reconstruction, they are not normally prepared to operate independent of military support in a hostile,⁵ uncertain⁶ security environment, or where control by a national government has effectively vanished. In contrast, military forces must be prepared to begin stabilization operations in hostile and uncertain environments with many of the most fundamental economic normalization tasks directly related to security. These may include reestablishing a secure environment in which individuals can freely go about their daily business enabling commerce, protecting records relating to ownership of property and other assets, protecting or restoring of critical infrastructure, and protecting government assets from destruction and looting. Since much of the effort to stabilize an economy in the immediate post-conflict period will be related to security, the assessment should identify those tasks for which:

⁵ Hostile environment: An operational environment in which hostile forces have control as well as intent and capability to effectively oppose or react to the operations a unit intends to conduct. *JP* 3.0

⁶ Uncertain environment: An operational environment in which host government forces, whether opposed to or receptive to operations that a unit intends to conduct, do not have totally effectively control of the territory and population in the intended operational area. *JP* 3.0)

(1) Military forces will have primary responsibility and should implement immediately. These are primarily security tasks.

(2) Civilian agencies retain responsibility, but which military forces need to be prepared to execute due to security. These tasks may include employment generation and support to banking institutions. This should include opportunities which may arise in the "Golden Hour" of a post-conflict environment. . The U.S. Institute of Peace has highlighted the importance of the period toward or right after the end of conflict by designating it the "golden hour." The golden hour is described by James Stephenson as "One term used in emergency medicine is the golden hour. The military learned in Vietnam that if a wounded soldier received medical treatment at a field hospital within one hour, he would probably survive. In post-conflict transition terminology, the golden hour refers to the first year after the end of hostilities. Unless the population senses steadily improving conditions in that first year, popular support for change and whoever is in charge declines, and the chances for economic, political, and social transformation begin to evaporate, enabling recidivism and even insurgencies."⁷ The first few weeks of an intervention is the time when the intervention force creates a new power structure and environment where new institutional practices can be most easily established. It is the "Golden Hour" for intervening authorities. Since the crisis leading to the intervention is generally rife with governance deficiencies, improved systems will need to be put in place as soon as practical to correct them.

(3) Civilian agencies will execute and require military support. These tasks are most frequently associated with humanitarian assistance.

c. Coordinating an assessment of economic activity within stability operations should be integrated into the overall assessment effort and begin, if possible, before operations have commenced. Some questions concerning the post-conflict environment will have to be addressed prospectively in an assessment and made assumptions in mission analysis. Examples are the condition of the infrastructure supporting economic activity, availability of credit and banking services, and other things which enable an economy to function. As directed in DODD 3000.05, military plans and especially the assumptions should be integrated, exercised, and gamed with other U.S. Departments and Agencies. The important point is to clearly understand the economic dimensions and implications of the conflict, address the need for military forces to undertake the most critical normalization tasks at the appropriate moment, and be prepared to initiate or support civilian capacity building efforts when the security environment allows. The lessons of recent engagements have demonstrated that successful post-conflict reconstruction success is dependent upon establishing security, the rule of law and good governance, and creating economic opportunity. These are not sequential tasks.

2. Overview of a Post-Conflict Economic Assessment

a. Each country has a unique economic structure based on its resources, the needs of the people, laws, customs, traditions, and level of development. The four steps performed in an

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^{7 &}quot;Losing the Golden Hour" James Stephenson, page 36

assessment are designed to support the planning process and developing an economic goals, measures and general courses of action specifying the who, what, when and why of economic actions. The assessment should describe the situation, define the end state, commander's intent, and strategic objectives (interagency major mission elements) to normalize a post-conflict economy and mitigate or eliminate the economic drivers of the conflict.

b. The four steps in conducting an Economic Assessment are:

(1) Compile a Country Economic Profile to understand the policy, strategy, environment and performance of the economy. This helps identify what constitutes "baseline" conditions as well as identify problems inhibiting growth of the economy. In addition to key economic data, the profile includes the country's economic strategy, economic and social policies, and the extant economic system. The profile provides the facts and conditions required during mission analysis and a baseline level of knowledge to share understanding with other USG Departments. A critical requirement is to ensure a common understanding of the environment.

(2) Develop a Country Economic Narrative, based on the data collected in step one, that explains the country's economic situation, a large part of which may be the interest of significant economic actors. This narrative provides additional facts for mission analysis and includes assumptions. It should identify.

(a) Pre-conflict problems.

(b) How the conflict has or is likely to affect the course of the economy.

(c) How the anticipated post-conflict security environment will affect the economy.

(d) Ongoing or planned post-conflict Stabilization and Reconstruction (S&R) programs by the host nation, USG, international and other donor organizations.

(e) Host country willingness and capacity to implement such programs.

(3) Identify and analyze the Economic Drivers of the Conflict so actions can be planned to mitigate the drivers and reduce the risk of a return to conflict. This identifies the economic centers of gravity and critical factors in mission analysis and initiates developing potential courses of action. This identification and analysis should provide answers to the questions:

(a) What were the economic drivers of the conflict? Ideally this would be available from a collaborative Interagency Conflict Assessment.

(b) How have the drivers been affected by the conflict's outcome?

(c) What are the economic interests of conflict stakeholders and power brokers, and how those interests influenced the course of the conflict?

(d) What potential measures and courses of action can be taken to reduce these economic influences so that the conflict will not reignite?

(4) Prepare an economic section for inclusion in an Initial Staff Estimate. This provides a description of the situation, a mission statement and outlines potential general courses of action for military support to economic normalization. Include:

(a) Summary of the structure and performance of the economy, environment, country's economic strategy and the anticipated post-conflict economic conditions and problems.

- (b) USG policy goals; multilateral and bilateral if available.
- (c) Desired end-state.
- (d) Potential general course of action.

3. Conducting an Economic Assessment

This guide can prepare a Joint Force Commander to participate with the Joint Staff and OSD in an Interagency Conflict Assessment or to independently prepare a post-conflict assessment. This should be considered as establishing a baseline condition.

a. **Step One: Compile a Country Economic Profile**. The country economic profile includes quantitative indicators of the performance of the economy as seen in the context of the country's economic strategy and its environment. While such a profile is not sufficient for detailed planning to address problems in specific sectors of the economy, assembling the information will provide insight into the economic system and implications for post-conflict stabilization and reconstruction. The data will be evaluated and coupled with analysis in subsequent steps. A list of the basic data that should be covered in the economic profile is summarized in the Table I-1 below. It is useful to start with a single page summary to understand the macro environment. A more complete list in contained in Annex A, and an example of a completed profile in Annex B:

| Performance | Environment | Policies |
|-------------------------------|-------------------|----------------------|
| GDP, Rate and Per capita | Demography | Foreign |
| Prices and Inflation | Natural resources | Defense |
| Balance of Payments | Geography | Monetary |
| Employment | Climate | Fiscal |
| IDPs, Refugees, Ex-Combatants | Institutions | Trade |
| Development Assistance | Corruption | Investment |
| Poverty | Infrastructure | Industrial |
| Informal Economy | | Social & Educational |
| | | IMF Arrangements |
| | | - |

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Table I-1. Economic Profile Data

(1) Economic Indicators of Performance. There are numerous sources of data for the economic profile. The recommended profile is based on the State Department Economic Engagement Matrix⁸, maintained by the State Department's Bureau of Energy, Economic, and Business Affairs. The matrix provides a snapshot of the most recently available economic information for a single or broad group of countries, with some 90 economic indicators and diplomatic tools. Examples of diplomatic tools available include bilateral or multilateral trade agreements, investment treaties, foreign assistance packages, trade sanctions, and/or debt forgiveness. The economic data come from a number of standardized international databases, including those of the International Monetary Fund (IMF) and the World Bank. The use of diplomatic tools is coordinated through the interagency consultation process as well as discussions within the U.N. and other multilateral organizations. Those engagements and tools listed are vetted with appropriate USG offices. Of the many sources available, the Department of State matrix is recommended primarily to stimulate interaction with the offices in State, USAID, and other Departments and Agencies with whom the Joint Staff, OSD and joint force will develop a plan. The matrix is also useful because of the supporting footnotes, links to data, and ability to easily compare countries. Off-the-shelf sources to supplement the basic economic data and provide analysis are:

- (a) The Economist magazine's Economic Intelligence Unit (EIU).⁹
- (b) World Development Indicators (WDI).¹⁰
- (c) The U.S. Library of Congress Country Study series.¹¹
- (d) World Bank Country Data at-a-glance profile.¹²

(2) <u>Assembling And Examining Economic Data To Understand Both The Structure Of</u> <u>The Economy And How It Has Performed</u>. Using the Department of State Economic Engagement Matrix as a baseline, some illustrative questions to assist in understanding the implications of the data are:

(a) Economic and sector indicators discuss internal economic performance:

<u>1</u>. How wealthy is the country (GDP), is it growing (GDP growth) and is the value of output per person (GDP per capita) growing? Growth in GDP and GDP per capita are considered broad measures of economic growth.

2. How is the country performing relative to its neighbors, regionally and globally?

⁸ <u>https://www.intelink.gov/diplopedia/matrix</u>

⁹ http://www.nsa smil mil/producer/refs/eiu

¹⁰ http://go.worldbank.org/JD8TRDFQ60 and http://go.worldbank.org/8QTPOHBME0

¹¹ http://lcweb2.loc.gov/frd/cs/cshome.html ¹² http://go.worldbank.org/1SF48T40L0

- <u>3</u>. Is there a functioning and stable currency?
- <u>4</u>. What is the rate and trend of inflation?
- 5. Is the government subsidizing the economy or implementing price controls?

6. Do Development Indicators such as the GINI Coefficient (a measure of Income Inequality) or the WDI Percentage of Population Living on Less than \$1/day and Poverty headcount indicate unequal wealth distribution in the population and severe poverty?

7. What is the structure and basis of the economy, what sectors and industries drive output/GDP? Is it agriculture-based, industrial, dependent on commodities, mining, etc? Does the country spend an excessive amount on Defense or import or export large amounts of arms? The best source is a Defense Intelligence Agency (DIA) Defense Economic Assessment.

8. How large is the informal economy? Embassy reporting or academic studies are sources.

(b) Employment data should include:

<u>1</u>. Size of labor force, employment by sector, unemployment rate. Source is World Development Indicators¹³ or a recent IMF Article IV report.

<u>2</u>. Number of internally displaced persons (IDPs).¹⁴ This data is difficult to obtain and may have to be made as an assumption. Recommend close coordination with the Embassy Country Team and the Joint Staff, OSD and Department of State (Office of Population, Refugees and Migration).

<u>3</u>. Number of refugees who have left country. This group is indicative of both possible returnees who may require employment, and also offer key skills and financial resources to the rebuilding effort.

4. Number of ex-combatants.

5. Number of employees in state-owned enterprises.

6. The level of education within the workforce. Are there operating basic and vocational educational institutions?

(c) Trade and Investment indicators discuss external performance:

1. How important is trade to the economy? (The percentage of exports/imports to GDP provides the best indication) What does it indicate as the strengths and weaknesses?

| _ | |
|-----|---|
| 13 | |
| 1.5 | http://go.worldbank.org/XA79EUBIQ0 and http://go.worldbank.org/8QTPOHBME0 |
| | |

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<u>2</u>. What is the main composition of trade in goods and services and who are the main trading partners? Are any exports/imports important to the U.S.? (EIU)

3. How are the country's tariff levels, non-tariff trade barriers, and administration of customs duties affecting trade? Both MCC and "Trade Freedom" from Heritage Foundation Index of Economic Freedom are good sources.

4. What are the main factors and trends in the Current Account balance and how are any deficits being financed? Is deterioration of the current account balance threatening the stability of the currency? For example a persistent negative current account deficit is indicative of instability and a possible cause is a trade imbalance which is partially offset by remittances.

5. To what extent does the country rely on remittances? How are remittances transmitted and what currencies are used? This was added to the State Department list because of its importance in developing countries. Sources are the World Bank and UN International Fund for Agriculture Development.¹⁵

<u>6</u>. What is the level and role of Foreign Direct Investment (FDI) in the economy? How are government tax and other policies influencing FDI? Both trade levels and FDI flows provide an indication of how open an economy is to outside investment? (EIU)

(d) Financial indicators (Government Budget):

<u>1</u>. Is the country's budget in fiscal balance (Central government receipts minus outlays) and its trend indicate sustainable and good governance? How large is the deficit as a percentage of GDP?

2. What are the primary sources of revenue and major expenditures?

<u>3</u>. Is the government implementing fiscal policy recommendations of the IMF, especially to combat inflation and meet critical social needs? (Defense budget vs. social sector budget)?¹⁶

4. How many banks are operating in the country? How many banks are State owned, private and international?

5. What is the level of banking penetration in the country? Do banks use ATMs and telephone/cellular phone banking? Are informal money changers prevalent?

<u>6</u>. Is the country a member of the Financial Action Task Force or regional equivalent? Is it a FATF country of primary concern and is money laundering a major concern?

¹⁵ http://go worldbank org/QGUCPJTOR0 and http://www ifad org/events/remittances/maps/index htm 16 http://www imf org

(e) Telecommunications. Cellular penetration has been referred to by some as the revolution of the developing world because of the ability to transfer money. Are cellular telephones a primary means of transferring money?

(f) Economic Engagements provides a general indication of the level of formal economic actions and treaties with U.S. and other international organizations

<u>1</u>. Is the country a member of a regional preferential trade group?

2. Are there any trade disputes or sanctions in force?

(g) Development Aid Indicators discuss the level of involvement of both U.S. and world development aid.

<u>1</u>. How dependent is the country on development aid? The Organization for Economic Cooperation and Development (OECD) provides aid donors and recipients.¹⁷

<u>2</u>. What is the level of USG engagement? How much funding is being executed by USAID, State Department Economic Support Funds, USAID Trade Capacity Building (TCB), U.S. Trade development Agency (TDA), and others?

(h) Millennium Challenge Corporation (MCC) indicators.

<u>1</u>. Do the MCC indicators show progress toward the goals of ruling justly, investing in people, and encouraging economic freedom? Are good policies being implemented and is country ownership being sustained?

(3) <u>Environment and Context</u>. An understanding of the environment and context provides an understanding of the human and natural resources, infrastructure, and institutions which provide the enabling environment. The major sources are the same as in step one, primarily the EIU, Janes, Library of Congress and others as indicated.

(a) Demography and Geography.

<u>1</u>. What are the population, population centers, and level of urbanization? How do population age, race, sex ratio, literacy, ethnic, linguistic, religious, tribal, or group distribution affect the economy? Understand the interests and politics of domestic groups. Urban versus rural representation and interests. Source is Janes Sentinel Security Assessments.¹⁸

<u>2</u>. Births, deaths, infant mortality, health, and medical. Sources are The World Development Indicators,¹⁹ The Gridded Population of the World and the Global Rural-Urban Mapping Project (GRUMP),²⁰ and World Health Organization Statistics Report.²¹

20 http://sedac ciesin columbia edu/gpw/index jsp

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¹⁷ www. OECD.org under Aid Statistics 18 http://www intelink sgov gov/Reference/Janes

¹⁹ http://go worldbank org/JD8TRDFQ60

3. What are the population dynamics from the World Development Indicators and US Census Bureau International Database? This includes total population, population by gender, population by age group, population growth rate, crude birth rate, crude death rate, age dependency ratio, fertility rate, life expectancy, infant and under-five mortality rate, adult mortality rate, and probability of survival to age $65.^{22}$

 $\underline{4}$. What are the major geographic features (arable land, mountains, and harbors) and who controls them?

5. What are the country's natural resources, who controls them, and what are their environmental and economic impacts?

<u>6</u>. Does the country have strong neighbors, proximity to developed trading partners and export markets?

7. Does the country border on states with civil or ethnic conflict or insurgency?

 $\underline{8}$. What is the distribution of income by demographic groups such as regions, age, religion, ethnic groups, tribes, etc?

9. Who controls the country's wealth?

10. Does the educational system develop human capital which can sustain and grow the economy, from early childhood development through vocational and higher education?

(b) Domestic Political and Institutional Context. In addition to the information on historical context, regime type, legitimacy and related subjects normally available in the intelligence estimate:

<u>1</u>. What is the role of the government in the economy?

2. What percentage of GDP does it control?

3. What are the government institutions that regulate and provide a competitive environment? Or do cartels, banks, or other mechanisms limit competition?

4. Is there an independent and impartial judiciary in commercial matters? Are contracts effectively enforced?

4. Does the law provide for an independent Central Bank and is it effective and independent in practice?

| 21 http://www.who.int/whosis/whostat/en/ | |
|--|---|
| 22 http://go worldbank org/DCACK3M3F1 | and http://www.census.gov/ipc/www/idb/index.php |

5. How strong are business institutions? Banks, infrastructure, agriculture, labor, etc. Is economic power centralized in the hands of a few? What are the key business institutions and how effective are they in influencing government policy?

6. What is the role of trade unions in the country and profiles of key unions and leaders.

<u>7</u>. How did economic infrastructure contribute to or detract from the country's competiveness? Good sources are EIU and the Global Competitiveness Report.²³

8. Is there an effective civil service? What is the general quality of public officials? Do they competently and honestly manage government institutions?

9. Who are the key economic leaders in the country, including major families that influence the country's commerce, and whether there is a robust entrepreneurial class?

(c) What is the security context?

1. How does the security sector (police, military, and judiciary) affect the economic environment?

2. To what degree is the security sector involved in illegal economic activity?

3. What is the military's role in the economy?

(4) Strategy, Goals and Policies. This section should state existing policies and the current views of the host government, USG, IMF and other international actors if known. The U.S. rarely undertakes stability operations alone and the international community has a well articulated approach to stability operations. For example, the UNDP, World Bank and IMF are usually tasked with conducting an initial post-conflict needs assessment and coordinate shortterm priorities with the host nation. This usually becomes the basis for the engagement of international agencies and frequently becomes the basis for the host country's own strategy. While various stakeholders can be expected to have differing views regarding the pace of normalization, priorities, and who should pay for assistance, the US government and key international economic organizations will agree on most of the broad objectives of post-conflict stabilization and reconstruction assistance. The Joint Force should be aware of the economic strategy and policies established by the host government and any changes recommended by the USG in concert with the IMF and World Bank. These will help identify constraints and restraints during the mission analysis and, although they apply primarily at the macro national government level, the policies influence and affect actions at the local level where joint forces will operate. The military plan should strive to align with and support the host nation strategy. The Joint Staff and OSD participate actively with the Departments of Treasury and State, which represent the U.S. in these processes, and should provide joint force planners the host nation and International Financial Institutions (IFI) plans. The policies of specific interest to understand are:

23 http://www.weforum.org/en/initiatives/gcp/index.htm

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Comment [c1]: Need to insert a short description and refernce to land tenure

(a) Fiscal policy.

<u>1</u>. What is the government revenue target from all sources?

 $\underline{2}$. What is the government expenditure target and priorities? Security services, military, social, etc

3. What is projected deficit and how does the government propose to cover it?

- 4. What are the USG, IMF and World Bank views on the fiscal policy?
- (b) Trade policy.
 - 1. What are the tariff and nontariff incentives and barriers to trade?
 - 2. What is the border management policy? Does it interfere with trade?
- (c) Industrial policy.

1. Do state owned enterprises exist and does the government policy privatize or maintain state owned enterprises?

2. Does the government subsidize or provide directed loans to SOEs.

3. Do taxes and selective policies favor one industry over others?

4. Is there a labor policy that unnecessarily restricts employers hiring or dismissing employees? Does the government protect the right of workers to organize independent trade unions?

- (e) Education and Social policies.
 - 1. What are the social safety net and poverty reduction/welfare policies?
 - <u>2</u>. What are public health and education policy?
 - 3. Are there policies on religion, immigration, or cultural areas?

b. Step **Two: Developing a Country Economic Narrative – Evaluate the Data.** The second step for planners in the assessment process is to develop an economic analysis and narrative that relates the individual trends present in an economy to one another and to national and international trends. The Economic Engagement Matrix supports the comparison of a country within a region and with its neighbors. The assessment should use the data collected in step one to identify and analyze the post-conflict problems in the economy, describe how the conflict has or is likely to affect the course of the economy, and support identifying and

prioritizing economic normalization support tasks undertaken by joint forces. While the questions that should be addressed in the economic narrative will vary with country conditions and level of development, it should focus on identifying specific problem areas that could be addressed by joint forces. Sources of material for an economic narrative are:

(1) If the Department of State is leading whole of government planning, major mission elements or strategic objectives, identifying and addressing major problems will have been identified during situational analysis and policy formulation.

(2) The Department of Treasury can provide USG economic objectives and priorities. Treasury can additionally explain multilateral agreements like:

(a) International Monetary Fund (IMF) Stand-By Arrangement, which are frequently the key framework for economic reform and contain performance criteria

(b) International Monetary Fund (IMF) Article IV consultation reports that contain detailed data on fiscal and monetary policies, identify issues facing the country, and offer policy prescriptions.

(c) IMF staff reports that address whether governments are meeting targets established in formal strategy papers, called Letters of Intent and specify elements of a country's recovery plan. Successfully meeting these targets is a condition for IMF loans²⁴.

(d) Analyses from the World Bank, the UN Development Program (UNDP), UN Food and Agriculture Organization, and other multilateral organizations.

(3) Commercially published analyses from Economist Intelligence Unit, Janes and others.

(4) Economic reporting by US embassies, analysis by intelligence agencies, and information and analysis gathered through direct contact with US embassy officers and US government agencies.²⁵

(5) USAID produces analytical reports that provide a summary of the economic growth performance in countries that receive USAID support. The point of contact regarding these country reports is the Economic Growth office of USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT).

(6) Various domestic and international press reports and publications.

The table below provides illustrative questions contained in an economic narrative.

<u>**Illustrative Questions for the Economic Narrative**</u>, trends and comparisons, which should be considered in the local context.

²⁴ The reports are accessible through the IMF Web site, <u>http://www.imf.org</u> under the Country Info tab.
²⁵ All are available at <u>http://inrweb state sgov.gov/IA.html.</u>

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OBJECTIVES What are host government and USG objectives for Reconstruction and Stabilization? Are International Organizations (World Bank, IMF and others) engaged and do their objectives align with USG objectives. Is there host nation capacity and political will to conduct economic normalization? HOW DID CONFLICT AFFECT Commercial infrastructure, including roads, ports, airports, pipelines, communication facilities, power generation and distribution networks? Availability of banking services and credit? Manufacturing capacity? Agricultural sector? Educational sector? What is blocking economic growth? STRENGTHS AND WEAKNESSES Does the level of funding support the security sector strategy and assigned missions in defense, police, border management, etc? What are the centers of economic power and what role are they taking? Based on the data in the profile what are the strengths and weaknesses in the economy? How does corruption affect the government administration of the economy? Is what areas is productivity growing or declining? Does the rule of law and judicial capacity enable private property and contract enforcement? Does the macroeconomic environment and policy create high inflation and discourage risk? Is there competition? Where does the economic performance not match the policy/strategy (i.e. Policy of fiscal discipline but increasing inflation.)? Does the physical infrastructure adequately support the economy? Is investment constrained by lack of property rights, human resources or monetary capital? SECURITY Is there a secure environment for citizens and businesses to conduct their day-to-day activities? Describe any restrictions on the free movement of persons or goods and address International trade. Is the government able to protect key assets, such as official buildings, property records,

Is the government able to protect key assets, such as official buildings, property records, and critical infrastructure?

Does the security environment enable donor agencies and organizations to conduct their day-to-day activities?

Does displacement (Internally Displaced Persons (IDPs)) cause significant humanitarian or security problems in the country or in neighboring countries?

Are significant numbers of people leaving the country through fear?

If there has been a demobilization of the armed forces, how is this affecting security, stability and the work force?

Table I-2. Illustrative Questions for the Economic Narrative

c. **Step Three: Analyzing the Economic Drivers of the Conflict**. The third step in the assessment process is to identify and understand the economic drivers of the conflict. Drivers of conflict include the dynamics resulting from key actors' mobilization of social groups around core grievances. Core grievances can be understood as the potential energy of conflict²⁶. Potential courses of action should reduce these drivers and increase institutional capacity to handle them, thereby minimizing the risk of a return to conflict. As noted by USAID, promoting economic growth in a post-conflict environment means doing things differently from the way economic development is ordinarily handled in stable developing countries:

"Post-conflict economic growth programs must address as directly as possible the factors that led to the conflict, taking into account the fragility of the environment. Planning has to be based on much more than narrow technical consideration of economic efficiency and growth stimulation. Programs also must be effective at opening up opportunities and increasing inclusiveness; they should be judged in part on the basis of whether or not they help mitigate political factors that increase the risk or a return to hostilities."²⁷

(1) Economic grievances and conflict drivers may include socioeconomic differences, frequently aggravated by low incomes or slow economic growth, unequal distribution of societal benefits or burdens, and marginalization of vulnerable groups or geographic regions. Other drivers include competition for natural resources, such as water and arable land, or for easily tradable natural resources, such as diamonds, energy commodities, and metals.

(2) Ideally a comprehensive Interagency Conflict Assessment will be conducted which identifies the drivers of conflict; however, if one is not, recommend conducting a Conflict Assessment with USAID, or using the USAID Conflict Assessment Framework.²⁸ USAID and each Geographic Combatant Command have assigned liaison officers who can coordinate this with the Joint Staff, OSD and USAID.

(3) If no other source is available, another software tool is the Measuring Progress in Conflict Environments (MPICE)²⁹ framework, which proposes common drivers of conflict such as illicit wealth and corruption, economic inequality, weak institutions, external influences and others which can be tailored to the context. MPICE additionally proposes objectives and an extensive list of generic metrics which can be tailored to the specific application and used to measure progress.

d. Step 4: Drafting an Economic Estimate. The final step in the assessment process is to distill the material that has been assembled in the first three steps into a staff estimate that provides a basis to develop potential courses of action to normalize the economy, reduce

cutting_programs/conflict/publications/conflict_assessments.html

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²⁶ Principles of Interagency Conflict Assessment Framework

²⁷ US Agency for International Development. A Guide to Economic Growth in Post-Conflict Countries, (2007)

²⁸ USAID Conflict Assessment Framework, at http://www.usaid.gov/our_work/cross-

²⁹ USACE Measuring Progress in Conflict Environments Version 1.0 August 1, 2008

economic drivers of the conflict, and build host nation institutional capacity. It should have these components:

(1) A summary of the post-conflict economic situation based on the country's economic profile. This should include a discussion of the economic interests of individual stakeholders and groups.

(2) A list of the main economic problems anticipated in the post-conflict period, the impact of those problems on the course of the conflict, and the political will of the host government to address those. Problems related to security, governance and rule of law that, if not corrected, that can impede or block economic normalization should be included.

(3) A list of the actions that the host government, international organizations, and foreign donors are expected to take to address those problems listed above.

(4) A summary of the main conclusions of the analysis of the economic drivers of the conflict.

(5) Potential general courses of action based on level of effort and sequencing of USG strategic objectives. As illustrated below, the levels of effort assigned to potential tasks form the basis of general course of action matrix and are related directly to the security situation.

Table I-3 below, provides an illustration of potential general courses of action based on level of effort and security environment.

| Security | Hostile | Hostile | Uncertain | Uncertain | Uncertain |
|----------------------------|-------------|----------------|-----------|-----------|-----------|
| Environment | | | | | |
| Government | None | Basic | Basic | Expanding | Restored |
| Services | | | | | |
| Potential Military | Probability | of Requirement | nt | | |
| Tasks | | | | | |
| Providing Security | High | High | High | High | High |
| Protecting Gov't | High | High | Medium | Medium | Medium |
| Records/Assets | | | | | |
| Protecting Critical | High | High | Medium | Medium | Medium |
| Infrastructure | | | | | |
| Generating | Medium | High | High | High | Medium |
| Employment | | | | | |
| Restoring | Medium | High | Medium | Medium | Low |
| Damaged | | | | | |
| Infrastructure | | | | | |
| Supporting | Low | Medium | Medium | Low | Low |
| Private Sector | | | | | |
| Development | | | | | |
| Supporting Ag. | Low | Medium | Medium | Low | Low |
| | | | | | Ι |

| C | ha | p | te | r 1 | [|
|---|----|----|----|-----|---|
| | | Γ. | | | |

| Development | | - | - | - | - |
|-------------------|-----|--------|-----|-----|-----|
| Supporting Gov't | Low | Medium | Low | Low | Low |
| Capacity Building | | | | | |
| Supporting | Low | Low | Low | Low | Low |
| Economic Reforms | | | | | |

Table I-3. Probability of Military Tasks

4. Coordination Processes

a. **Interagency.** Military participation in whole of USG assessment and planning will be led by OSD and the Joint Staff, and the Joint Force Commander will coordinate through and with them. The coordination process is either using the Interagency Management System, ³⁰ co-led by the National Security Council (NSC), State Regional Assistant Secretary, and Coordinator for Reconstruction and Stabilization (S/CRS) if activated, or the National Security Council Interagency Policy Committees. The primary contributors to the economic normalization assessment are USAID and Departments of State and Treasury. The Departments of Homeland Security, MCC, Commerce, Agriculture, HHS, Energy, Labor, and others may also participate as appropriate.

(1) Department of State.

(a) The Secretary of State coordinates and leads integrated United States Government (USG) efforts, involving all U.S. Departments and Agencies with relevant capabilities, to prepare, plan, and conduct stabilization and reconstruction activities. When directed by the Secretary of State, the S/CRS would coordinate interagency assessment and planning for integrated USG reconstruction and stabilization efforts. This would be accomplished through an Interagency Policy Committee or the Country Reconstruction and Stabilization Group if the Interagency Management System is implemented. If S/CRS is not so directed, the Chief of Mission and State Department Regional Assistant Secretary or Bureau of Political Military Affairs lead interagency assessment and planning.

(b) <u>The U.S. Embassy Country Team</u> and its economic section is one of the most important sources of reliable information and analysis. In addition to a State Department economic officer, most embassies have a US Agency for International Development (USAID) mission responsible for managing U.S. development assistance programs. Many embassies also have a Department of Commerce Foreign Commercial Service office staffed with personnel who are familiar with commercial conditions and with US trade and investment and some embassies also have an agricultural affairs section staffed by the Department of Agriculture personnel. A complete listing of U.S. embassy contacts for economic, commercial, agricultural, and USAID assistance programs in each country may be found under "key officers" on the State Department Web site.³¹

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³⁰ March 2007 Interagency Management System

(2) <u>U.S. Agency for International Development</u>. USAID advances U.S. foreign policy objectives by supporting economic growth, agriculture and trade, global health and democracy, conflict prevention and humanitarian assistance. USAID has Foreign Service officers (FSO) posted in Embassies throughout the world and, as described previously, prepare country assessments. The USAID mission will also be able to provide an overview of foreign and international assistance programs. The USAID Office of Military Affairs also has liaison officers at each of the Geographic Combatant Commands who serve as development advisors. In the immediate post-conflict/crisis USAID's Office of U.S. Foreign Disaster Assistance (OFDA) deploys Disaster Assistance Response Teams which provide an immediate, on the ground assessment and work routinely with other aid organizations. At the strategic level coordination with USAID is accomplished through OSD and Joint Staff in either the Interagency Management System or the National Security Council (NSC) Policy Committee process. At the operational and tactical level coordination is through the GCC liaison and Office of Defense Cooperation or Military Groups in the Country Team.

(3) <u>Department of Treasury</u>. Country economic assessments are conducted by the regional offices in the Under Secretary of Treasury for International Affairs who coordinates this with other Treasury offices, principally the Under Secretary for Terrorism and Financial Intelligence and the Office of Technical Assistance. The Secretary/Department of Treasury also represents and serves as the U.S. Governor on the Boards of the IMF, World Bank, Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development and Inter-American Development Bank. Treasury coordinates policy and information sharing with them and other financial institutions.

(4) <u>Department of Commerce</u>. The Department has an Office of Reconstruction and Stabilization which can coordinate the extensive capabilities throughout the various Agencies and Bureaus. In addition to the Foreign Commercial Service global network of trade professionals, it has regional bureaus and offices which possess detailed knowledge of local conditions and actors.

(5) <u>Department of Agriculture</u>. Two offices contribute directly to assessment. The Economic Research Service (ERS) is USDA's principal social science research agency. ERS conducts agricultural and economic research, produces socioeconomic indicators, and market analysis. The Foreign Agriculture Service (FAS) is responsible for collecting, analyzing, and disseminating information about global supply and demand, trade trends, and market opportunities. FAS seeks improved market access for U.S. products; administers export financing and market development programs; provides export services; carries out food aid and market-related technical assistance programs; and provides linkages to world resources and international organizations. FAS supports the USDA contribution to the State CRS Civilian Response Corps and represents USDA in assessments.

(6) <u>Department of Energy</u>. The Regional Offices under the Assistant Secretary for Policy and International Affairs, the Assistant Secretary for Electricity Delivery and Energy Reliability, and the Energy Information Agency all conduct assessments in their respective areas and can contribute to an overall country assessment.

(7) <u>Departments of Homeland Security, Transportation, Labor, Health and Human</u> <u>Services, U.S. Trade Representative, Overseas Private Investment Corporation, Export-Import</u> <u>Bank, U.S. Trade and Development Agency, Millennium Challenge Corporation</u>. Each of these Departments and Agencies brings specialized expertise and each has numerous bureaus and agencies which can contribute knowledge to an assessment. The Agencies are best engaged through the Joint Staff, OSD and S/CRS using the ICAF or the IMS and NSC processes.

b. **International.** A number of international organizations maintain large databases related to the economy as well as publish topical analysis. Joint forces should coordinate through the Joint Staff and OSD using existing mechanisms. The most important of these are:

(1) <u>IMF and World Bank</u>. Both the World Bank and the IMF have instruments to assist countries as they emerge from conflict. They normally lead initial assessments, coordinate short term priorities with the host nation, and help meet substantial needs for technical assistance by formulating plans for delivering technical assistance into the medium term. The World Bank finances assistance for education, health, infrastructure, communications, and other purposes. The IMF publishes data, available through its Web site³² on its lending to countries, international exchange rates, and other economic and financial indicators, as well as the World Economic Outlook database. The World Bank publishes data, research, and analysis related to development, including the World Development Indicators database of over 800 indicators related to development and the Doing Business data series detailing business conditions. Both databases are accessible though the bank's Web site.³³

(2) <u>The United Nations Office for the Coordination of Humanitarian Affairs</u> (UNOCHA) mission is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors. It operates through a network of field offices which support UN Humanitarian Coordinators and country teams. It also maintains regional support offices and Regional Disaster Response Advisors in Africa, the Caribbean and Latin America, the Middle East, and Asia Pacific. Joint forces should engage through existing mechanisms, primarily through the USAID Office of Foreign Disaster Assistance (OFDA). UN maintains the Relief Web site³⁴ which is an on-line gateway to documents and maps on humanitarian emergencies and disasters. An independent vehicle of information, designed specifically to assist the international humanitarian community in effective delivery of emergency assistance, it provides relevant information as events unfold.

(3) <u>The United Nations Development Program</u> (UNDP) is a specialized UN agency designed to promote human development. The UNDP maintains a database with statistics on a wide range of development indicators related to literacy and education, health, employment levels, economic output, energy production, poverty, labor rights, CO2 emissions, and conventional arms transfers. The UNDP database is accessible through the UNDP Web site.³⁵

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Comment [c2]: Need to add what the typical country startegy and work plans are and where to get them

³² <u>http://www.imf.org</u>

³³ http://www.web.worldbank.org

³⁴ http://www.reliefweb.int

(4) <u>The United Nations World Food Program (WFP) and Food and Agriculture</u> <u>Organization (FAO)</u> are the United Nations frontline agencies in the fight against hunger. Both organizations respond to emergencies, assess needs and devise programs which help transition from relief to reconstruction and development. These organizations may be active in countries where other agencies may not be able to operate and can provide information on conditions in the country. Joint forces should request this information through the Embassy country team, State Department Humanitarian Information Unit, or USAID.

(5) <u>The World Trade Organization</u> (WTO) deals with the rules that govern international trade at a global or near-global level. The WTO maintains a database with tariff and trade profiles of over 180 countries and statistics on international trade in merchandise and commercial services. The database is accessible through the WTO Web site.³⁶

(6) <u>The International Civil Aviation Organization</u> (ICAO), a specialized UN agency, maintains a database on airports, economic regulation of aviation, and agreements that govern global civil aviation. The databases are accessible through the ICAO Web site.³⁷

(7) <u>Regional Organizations</u>. Depending on region, additional information on economic and financial conditions and government and regional programs to stabilize economies, promote growth, and reduce unemployment may be available from regional organizations, such as the Asian Development Bank, InterAmerican Development Bank, the Association of Southeast Asian Nations (ASEAN), and many others.

(8) <u>Allies and Regional Business Partners</u>. Information on business and economic conditions may be also available from the governments of countries allied with the United States, particularly if they are located in the same region, have historical ties or their companies have stronger commercial ties. The Organization for Economic Cooperation and Development (OECD) Development Cooperation Directorate Development Assistance Committee website³⁸ lists most major countries and links to country websites. Regional trade partners may also be an important source of information.

(9) <u>Host Country Partners</u>. Similar to the U.S. Department of Commerce, most countries have organizations that are responsible for collecting and analyzing economic data. Frequently, the central bank and/or Ministry of the Interior will collect monetary and other economic data. After conflict, the mechanisms that these organizations use to collect data may not be reliable due to lack of funding, disintegration of means to collection data, and lack of trained personnel. Supporting or establishing this capability may be an important post-conflict task.

(10) <u>Business organizations at the local, regional or national level</u> can often provide information and insight on the economy. These may be organized on the basis of geographic location, similar to a chamber of commerce, or among companies in the same line of business, like U.S. trade associations. Labor organizations or unions, if present, may be a source of information on employment conditions. The U.S. country team and the Department of

³⁶ http://www.wto.org

³⁷ <u>http://www.icao.int</u> ³⁸ www.oecd.org/dac

Commerce (International Trade Agency) are most knowledgeable of the appropriate organizations.

(a) Key business leaders can often provide valuable sources of information related to the operation of military-sponsored programs, such as efforts to generate employment or remove security-related and other impediments to the flow of commerce in local areas. They may also offer anecdotal information and insight into the political dimensions of the economy as well as into business conditions and specific problems. These leaders are best engaged through the U.S. country team.

(11) <u>Nongovernmental Organizations</u> (NGOs). Many large NGOs release material relevant to economic reconstruction online and can be located through the internet. Of particular relevance is the Center for International Private Enterprise (CIPE), a nonprofit affiliate of the US Chamber of Commerce that provides management assistance, practical experience, and financial support to local business organizations to strengthen their capacity to implement democratic and economic reforms. Recommend using USAID and the Department of Commerce, through the Joint Staff and OSD, to interface with NGOs and trade associations in operational level planning. Recommend using the Country Team mechanism for planning in countries.

5. References

a. US Agency for International Development. Oct 4, 2007. A Guide to Economic Growth in *Post-Conflict Countries (draft)*. USAID, Bureau for Economic Growth, Agriculture, and Trade, Economic Growth Office.

b. US Agency for International Development. 2004. *Conducting a Conflict Assessment: A Framework for Strategy and Program Development*. USAID, Office of Conflict Management and Mitigation.

c. US Department of State. April, 2005. *Post-Conflict Reconstruction Essential Tasks*. US Department of State, Office of the Coordinator for Reconstruction and Stabilization

d. Doing Business: 2008. World Bank.

CHAPTER II

EMPLOYMENT GENERATION

"Job creation projects are one of the most effective means for stabilizing communities and keeping the peace immediately after conflict, offering a fundamental basis for healing and reconciliation. Employment provides access to resources, generates confidence in the future, creates a stake in an expected recovery and moderates the conditions of want that may have been the root causes of the conflict.³⁹"

Kenneth W. Beasely 2006

1. What is the Issue?

The Military Problem

What are the military's leading and supporting roles in immediately generating job opportunities? What resources are available, what other organizations should be engaged in the planning, and what organizations should assume responsibility for projects?

a. Providing employment is both an immediate peacekeeping and post-conflict objective, and a means of establishing the foundation for future economic growth and political stability. The primary emphasis in the immediate post-conflict period is to provide employment quickly, even if those jobs are temporary and not sustainable. If joint forces can pay young men to pick up shovels, it is a better alternative to being paid by the enemy to pick up guns. Even though the military focus will be on quickly implementing short-term efforts, it is essential that the military and civilian agencies have a common understanding of the problems and risks, and work to align short-term efforts to support civilian agency longer term economic and political development strategies. Coordinated planning should consider political and social dynamics, host nation institutions, private sector development, and requirements for a viable peace. The United Nations High Commissioner for Refugees, who has championed quick acting programs, states "Unless Quick Impact Programs form part of an integrated strategy for reintegration, rehabilitation and reconstruction, and designed with community participation their impact is likely to be insufficient, isolated and short-lived.⁴⁰" Ideally, joint force projects should provide immediate and visible impact on the local population, support the legitimacy of the host nation government, create linkages to other efforts, and stimulate follow-on activity.

2. Why is Employment Generation Important?

a. Effective employment generation programs in the immediate post-conflict environment assist in restoring economic activity and address economic, humanitarian, and social needs, particularly in areas where lack of security and inoperable infrastructure restrict private enterprise. Employment opportunities can also support achievement of the political objectives by

³⁹ Beasely, Kenneth W. 2006. Job creation in post conflict Societies, PPC issues paper No. 9, PN-ADE-194, USAID ⁴⁰ The United Nations High Commissioner for Refugees (UNHCR) Quick Impact Projects (QiPs: A Provisional Guide

encouraging dislocated populations to return to their homes, providing benefits to former combatants, and giving potential "spoilers" viable alternatives to warfare and banditry. Key determinants of the nature of the military role in employment generation will be the general security environment, the condition of the economic related infrastructure, the scope of the need for employment generation programs, and the access of civilian responders to the area.

3. General Planning Considerations

a. Understand the status of existing or planned USG, regional and international programs that support employment generation. The Embassy/Country Team can provide this information while helping to insure that any planning initiative is consistent with the embassy's Mission Strategic Plan and Country Assistance Strategy.

(1) Involve USG Agencies, plan for Tactical Conflict Assessment, and determine the necessity for military-sponsored employment programs. Before planning major military-sponsored job creation programs, first assess the need because establishing a secure environment by itself may promote employment and economic activity. Consult closely with USAID and other USG agencies with experience in community-based programs that allow residents to participate in the rebuilding process. Plan to conduct a Tactical Conflict Assessment which will involve local community leaders and can illuminate previously successful job creation efforts. These may have been performed by local government, nongovernmental organizations (NGOs), or national-level host country economic development organizations, and may offer valuable resources for planning guidance and potential project implementers. Determining appropriate military supporting roles that enable resumption of these activities should be a primary focus.

"To provide security you need to engage people. You need to tackle unemployment. You need to create job opportunities, substantial opportunity so people would be more involved in their well being rather than explosives and insurgency."

Ayad Allawi, Prime Minister of Iraq (2004-2005)

b. Create security conditions needed to facilitate employment. Assist with providing security for all employment activities, not just U.S. projects, as conditions and resources permit. Determine the major sources of employment, ongoing programs, and how the conflict has affected them. Consider the physical locations, infrastructure, political, and social issues associated with restoring pre-crisis employment levels. Establishing an environment where the local population is able to move to and from potential employment is essential. Prioritize soliciting the views of local leaders, people of influence from both public and private sector, to identify threat perceptions and constraints to population movements.

c. Identify and request necessary financial and human resources. Request contingency contract funding for employment programs, similar to the Commanders Emergency Response Fund (CERP) in Afghanistan and Iraq, to quickly implement programs. The USG currently lacks an interagency funding source to flexibly conduct multi-faceted conflict prevention strategies that would help build the capacity of foreign partners to conduct stabilization and reconstruction

operations. However, there is an initiative working between the Departments of State and Defense that would align responsibility, authority, and resources to implement integrated US plans to build foreign partner capacity under the dual-key authority of the Secretaries of State and Defense. It is also important to recognize that the skills needed to organize, manage and evaluate job creation projects may not be available within the military or local population.

d. Request experienced practioners. The skills to organize, manage and evaluate job creation projects are unique and may not be available in the host country immediate workforce. While joint force sponsored CERP programs have been viewed as successful in short-term job creation, some have been criticized for undermining longer-term efforts or creating undesired effects. Coordinating with local stakeholders and other donors through the Joint Civil-Military Operations Task Force, a Civil Military Operations Center (CMOC), or similar coordination mechanism, can mitigate this risk. Likewise, using existing donor coordinating mechanisms and leveraging civilian agency (especially USAID, the Department of Labor, and others) skills and experience can help to more quickly develop and manage job creation programs.

e. Establish Employment Centers to facilitate the interaction between businesses needing employees and those in need of jobs. These centers can mature into community centers which support entrepreneurs and public-private partnerships discussed below.

f. Anticipate the Transition from Military to Civilian Program Management and plan actions supportive of the long term strategy. Joint Forces can provide immediate support for quick-impact job creation, but the programs are frequently not viewed as long-term solutions. To maximize project effectiveness, these projects should be sequenced with the work of international civilian agencies and with the private sector to insure continuity of effort with employees, functions, and support. The military's role is to help restore normalcy and fill the gap until civilian-led, longer term programs commence. Cooperative planning with other agencies is needed to link short-term emergency programs and transition them to long-term host nation and private sector employment-generating initiatives. This starts with an assessment of the demographic and economic characteristics of the working-age population, which focuses on skill levels, infrastructure, availability of credit, and entrepreneurial capacity of the population. The assessment should also identify local project potential support for national-level programs and strategies. Recent experience in Iraq and Afghanistan has shown that not nesting local projects with larger strategies often results in projects in one sector having an unintended negative or positive effect in another geographic sector, sometimes in unrelated areas. This risk can be mitigated through communication with host nation officials at all levels and U.S. government agencies. If coordinating mechanisms do not exist, Joint Forces can facilitate this by establishing a Civil Military Operations Center or similar mechanism.

g. Potential Immediate Military Sponsored Employment Projects. Military forces can immediately generate employment opportunities for the civilian population in four ways:

(1) Support local public works projects. Establish and operate job creation programs that directly employ targeted segments of the population to further the economic and political objectives of the mission. Optimally these should be organized locally. Examples are basic clean-up and restoration efforts managed as a cash-for-work program aimed at ex-combatants or

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workers who lack viable alternative employment. A clear understanding of how major pre-crisis employers were affected by the crisis and what they need to resume operation can help establish whether there is a need for a direct job creation program by the military as well as to help set priorities in early job creation efforts. Soliciting direct input from community leaders in the development of guidelines for project lists can help identify potential issues, support local priorities, and build local sense of ownership. The U.S. Army Corps of Engineers SWEAT (Sewer, Water, Electricity, Academics, and Trash) manual offers a useful tool in assessing infrastructure needs and suggestions for short term restoration. The United Nations High Commissioner for Refugees (UNHCR) Quick Impact Projects Provisional Guide also provides guidance and recommendations. Some moderate planning can ensure these do not become unproductive "make work" projects, but rather short term infrastructure restoration and employment programs that complement the planning and implementation of future, longer term, infrastructure and employment development efforts. Examples are repairing roads and utility infrastructure to support commerce activities, restoring of school systems to educate and develop the workforce, restoring basic agriculture, and supporting the re-establishment of banking facilities. Focusing on projects to restore basic agriculture, transport and utility infrastructure that can support economic activity can pay strong dividends. However, any project which reduces the likelihood of a return to conflict by providing employment is acceptable, such as trash collection, road and bridge repairs, and rehabilitating local clinics and government buildings. The planning considerations for these projects are:

(a) Any short term project should be accompanied by public information, outreach, and strategic communication activities which emphasize their temporary nature and eliminates expectation of sustained employment.

Day Labor Programs in Iraq

"We started day labor programs throughout the city to help clear trash and rubble, as well as provide an economic shot-in-the-arm to these devastated communities. These day-labor programs were all planned and executed by company commanders, and their effect was dramatic. We have funneled over \$5 million in aid to these programs and have employed over 15,000 Iraqis. All this happened in about three months. This decentralized economic development program only used about 10 percent of my reconstruction funds, but has accounted for over 70 percent of new employment in Ramadi. These programs have cleaned neighborhoods, uncovered caches of munitions, and have restored hope and pride to the citizens of Ramadi."

(b) If the nature of the project is a municipal service that would normally be provided by a local government, then it should be planned with local leaders and transitioned to the local government, as soon as feasible. Trash projects should not be long term.

(c) Projects are best accomplished by contracting with a local firm, vice direct employment. This relieves joint forces of tasks such as hiring and firing, recording hours, paying in local currency, and other administrative employment tasks. Contracts should include protections to preclude diverting funds from employees, timesheet irregularities, and phantom workers.

(2) Hire local civilians directly as support personnel, but ensure that wages do not distort the labor market. In the case of the UN peacekeeping mission to East Timor, mission hiring amounted to 10-12% of employment in the formal labor market. Studies suggest that such hiring both drains the available trained labor away from local industry and can cause inflationary pressures because the UN can afford to pay higher wages than local employers. In Iraq, the USAID Inspector General found that wages paid for trash pick-up were higher than the average for skilled laborers⁴¹ and there is anecdotal evidence that translators employed in Kosovo were practicing physicians.

(3) Create secure markets and request assistance in assessing the viability of Special Economic Zones. Establish secure areas where civilians can engage in commerce and productive activity. This satisfies the initial requirement to start economic activity. Special Economic Zones⁴² have been used for over 30 years to develop exports and to create jobs. SEZs have the potential to improve security, minimize the risk to infrastructure, improve property rights enforcement, and improve business access to land by easing development process through government involvement and guarentees. SEZs can act as a catalyst to rebuild the business environment, attract invensors and provide secure employment venues for vulnerable groups. The World Bank Group FIAS has extensive experience in Latin America and East Asia and most recently in Africa. SEZs should be considered in planning cooperatively with the embassy country team, the regional desk officers in the Departments of State, Treasury, and USAID.

(4) State Owned Enterprises (SOEs). When considering options to generate employment that involve existing enterprises, verify USG policy on privatization, and identify the potential political or social consequences linked to SOE employers. Did they discriminate in favor of certain population groups, or was management corrupt and too closely linked to unpopular government figures? When considering these, there will be a trade-off between the benefit of providing employment, economic losses and unintended effects on peacekeeping and longerterm economic reforms. Revitalizing SOEs brings people back to work, assists in the restoration of basic services, and reinvigorates production of consumer goods. Reopening even a small number of SOEs shows commitment to progress and restores a sense of normalcy. However, decisions to revitalize SOEs should include a conflict assessment to evaluate the potential negative impacts on the political reconciliation process as well as a conventional economic analysis related to efficiency, competitiveness, and the long-term sustainability. SOEs often are strongly linked to the government in power prior to the crisis and the conflict assessment should reveal whether funding these enterprises increases funding for elements opposed to the reconstruction and stabilization process. The economic assessment should reveal if there is overemployment, the general physical condition of the enterprise, the financial viability and sustainability, corruption and other factors. These assessments should be whole of USG assessments, but can also be accomplished by the U.S. Joint Forces Command. Subsequently, through a Tactical Conflict Assessment joint forces should develop an understanding of local

⁴¹ USAID-IG Audit E-267-08-001-P, "Audit of USAID/Iraq's Community Stabilization Program," March 18, 2008, ⁴² Special Economic Zones, Performance, Lessons Learned and Implications for Zone Development, FIAS World Bank Group, April 2008

actors who may be empowered as a result of revitalization and those must be persons who support the peace process. As demonstrated by experience during the UN administration of Kosovo, where the focus was primarily on state-owned pubic utilities, the wealth-power relationship should promote peace rather than fuel violence. As noted by the U.S. Institute for $Peace^{43}$, if not carefully executed, well meaning schemes to revitalize economic activity could inadvertently empower spoilers and fuel conflict. Safeguards must be put in place to ensure that those empowered do not perpetuate conflict. These safeguards include: real-time oversight, audits, boards of directors, and payroll mechanisms designed to benefit employees and limit corruption. Even existing private sector enterprises may pose challenges in cases where these entities benefit from close government ties, or corruption.

4. Planning Considerations

a. Address the links to Disarmament, Demobilization, and Reintegration (DDR). A DDR program will most likely be initiated as part of the peace process, either by the United Nations or other authority. Joint forces will be assigned supporting roles, especially in disarmament. The United Nations defines reintegration as sustainable employment and income, and considers it the hardest part of a DDR program to resource and implement⁴⁴. Any short term joint force initiated employment projects need to be coordinated with the national or international DDR program. This is usually through USAID.

b. Use Labor Intensive Techniques for Short Term Immediate Need Reconstruction Projects. Large-scale construction programs involving state-of-the-art facilities are usually not effective during in the immediate post-conflict period⁴⁵. The length of time needed to contract, conduct consultations with the host nation, and design these types of projects extends beyond the immediate post-conflict phase. Small, grassroots projects using host-nation-appropriate technology could be implemented immediately. Labor-intensive techniques can create large scale employment and income generation and therefore contribute to long-term development as well as to instant stimulation of the local economy by providing access to markets and facilitating the circulation of information and other exchanges; thus helping both economic and social reconstruction. If foreign contractors are used, they should begin immediately to hire local workers and subcontractors on a wide range of projects, not only to create jobs but also to provide some evidence of progress in the rebuilding process.

c. Include Women in Job Creation Programs: Women are often the most needy and least cared for in postwar societies. Assistance to women is essential, and they should be included in programs that will help them put food on their tables, care for their children, and restart lives that have been disrupted by war. USAID and the Department of Labor have experience in planning for this.

⁴³ USIP Special Report, Employment Generation and Economic Development in Stabilization and Reconstruction Operation

⁴⁴ United Nations Interagency Working Group on DDR [Need a place and date here]

⁴⁵ USIP Special Report, Employment Generation and Economic Development in Stabilization and Reconstruction Operation

d. Entrepreneurs are Critical. Entrepreneurs are a special group of leaders who see opportunity in the market place, have the skill to gain control of resources, take measured risk, and produce the good or service that is wanted in the market place. Entrepreneurs are the primary employers in countries with free markets and find a place to operate in all economies. Success in creating sustainable employment centers on supporting entrepreneurs and promoting entrepreneurship. The first step in supporting entrepreneurs is to provide a relatively safe place for people to conduct business. The safe zone markets in Baghdad are a good example.

e. The next step is to protect businesses from theft and extortion including, in some cases, local officials. This extortion is a disincentive for entrepreneurs to grow their business and hire more employees. The next series of steps for supporting entrepreneurs is strengthening the economic rule of law. Any engagements that lead to effective contract enforcement, eliminate unnecessary regulation of business, and ensure clearly defined, easily transferable, and fully enforced property rights are good steps to strengthen the economic rule of law. Strong rule of law provides the foundation for entrepreneurs to build a strong economy that employs many people. A corollary is that entrepreneurs will be in the market regardless of the laws. In conflict environments, there are strong incentives for effective entrepreneurs to use their skills for organized crime or as warlord entrepreneurs. The goal is for effective entrepreneurs to operate and employ workers in the legal market and not become spoilers. Building the right incentive structure is the key to accomplishing this goal.

f. Where possible, use local electronic payment mechanisms. In contracts or military-led programs to generate employment, the preferable method of payment is electronic banking. It ensures direct delivery of wages to employees, can help reduce fraud, and provides deposits to the bank. If a banking system is unavailable, a plan for cash disbursements that includes transport, distribution at various times and locations, and security of currency and the recipients is required. Use of food-for-work programs involve significant logistic and distribution plans, and need to be sensitive to not adversely affect market driven food distribution networks, related marketplaces, and local food prices.

g. Many different types of approaches are needed to generate employment for specific constituencies. Refugees and internally displaced persons (IDPs), women, young men, and former soldiers each require unique approaches. Many of these groups may pose special challenges, or overlap. In post-conflict environments, the challenge of integrating youth into employment generation programs becomes even more complex. Often young men-and sometimes women- without any prior opportunity to learn viable job skills, were recruited into military service during the conflict or are engaged in the security sector. This group will frequently lack education or any job skills except firing a gun, but unless the needs of this group are met, the incentive for these destabilizing a fragile peace remains. The best results occur when training is integrated with remedial education. Bringing youth leaders into broader economic development strategies and creating youth organizations that empower young people are considered the best ways to ensure that they can be part of the rebuilding process. Because of the specialized nature of building this type process, the joint force is unlikely to have the needed expertise. These programs should be designed in close coordination with USAID, the Department of Labor, and other civilian donors.

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h. Sports are universally beloved. Rehabilitating buildings, fields, and other general support to sports programs have been used in areas of high unemployment to address social problems such as crime, drug, and alcohol abuse.

i. Sometimes doing nothing is OK. In economics, it is often better to "do nothing," than to disturb the complex balance of forces that has evolved over many years. The military conflict itself may have been the result of disturbing this delicate balance of forces (incentives). Understand the power of incentives and proceed cautiously.

5. Private Sector Development

"After security and macroeconomic policies, the business enabling environment is the most important element for encouraging and sustaining growth."

USAID A Guide to Economic Growth in Post-Conflict Countries

a. World Bank research shows new decisions about investment in existing or new firms usually depend on the availability of five basic factors:

- (1) Political and economic stability and security
- (2) Clear unambiguous regulations
- (3) Reasonable tax rates that are equitably enforced
- (4) Access to finance and infrastructure
- (5) Appropriately skilled workforce.

b. After initiatives to provide immediate employment, especially for ex-combatants and potential spoilers, joint force economic normalization planning should focus on economic institutional capacity supporting private sector development. Public sector and public works jobs are needed to immediately employ people, provide roads and other infrastructure, but the private sector creates sustainable jobs. The objective is to make operating in the lawful and peaceful economy more beneficial and discourage operating in the conflict economy. This effort requires building capacity in municipal, provincial or state institutions to assume responsibility for government services as well as provide for a rule of law which fosters private sector development sustainable jobs, and incomes. In post-conflict countries there may not be sophisticated institutions, rather local ones which facilitate small businesses by using supportive regulations and reducing corruption. Small businesses in an emerging private sector should not require sophisticated institutions.

(1) Planning considerations include:

Military Support To Economic Normalization

Comment [c3]: Need to include a reference

(a) Encourage local government support to micro and small enterprise development by working with the embassy country team, USAID and the local government to remove regulatory obstacles that inhibit small business. There are two good World Bank resources which evaluate the private sector, identify the constraints and provide recommendations.

(1) The World Bank Investment Climate Assessment. ⁴⁶ On specific countries the assessment evaluates the state of the private sector, identifies the key restraints to increasing firm productivity, identifies policies that will alleviate obstacles and improve productivity. This provides an authoritative source to start a dialogue.

(2) The World Bank "*Doing Business*"⁴⁷ report provides objective measures of business regulations and their enforcement across 181 economies. It presents quantitative indicators on business regulations and the protection of property rights that enhance business activity and those that constrain it. The data provides a general indication of the local economy's performance, but more important, provides indicators for monitoring microeconomic activity. For each of the 181 countries, *Doing Business* provides a quantitative measure of regulations for starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business. The Doing Business assessment of the crisis region can identify impediments to starting, maintaining and growing business and employment and may offer planners insights into the laws and regulations that shape daily economic activity. *Doing Business* has also been tracking reforms made by countries. The most popular regulatory reforms which should be considered in dialogue with USG actors and the host government have been:

- 1. Create one-stop shop for starting a business
- 2. Streamline project clearances for construction permits
- 3. Make working hours more flexible

4. Strengthen mechanisms which support legitimacy and enforcement of contracts and property rights. Understand how property claims are resolved locally and use it. If none exists consider facilitating a locally administered, out-of-court, enforcement mechanism.

5. Minimize interference in prices (subsidies, taxes, interest rates, etc.), especially reduced taxes in registering property

c. Facilitate microfinance. Joint forces can facilitate microfinance. Although there may be few banks willing to provide loans in a post-conflict environment, there are many microfinance institutions willing to provide capital to small businesses and numerous charitable groups and websites who link investors to poor borrowers. Joint Forces may become a facilitator between the population and these institutions by establishing financial service technology centers. USAID⁴⁸ has extensive experience in microfinance and should be the first source for assistance

⁴⁶ http://go.worldbank.org/6IQR415UN0

⁴⁷ http://www.doingbusiness.org/

⁴⁸ http://www.microlinks.org

and may provide additional planning considerations. The World Bank also has extensive research on microfinance.⁴⁹

d. Measure the level and extent of the informal economy. The informal economy refers to economic activity, either legal or illegal, that is neither taxed nor monitored by a government and is not included in official estimates of a country's economic output. This covers a broad spectrum, such as street vendors, day laborers who are paid in cash, women who sew clothing for their own family's use, farmers who harvest and sell illegal crops, and persons who engage in human trafficking. In a post-conflict country most economic activity, and consequently employment, is likely to be in the informal economy. Joint forces should generally avoid interfering with any economic activity that is providing livelihoods for the population which is not seen as supporting criminal or spoiler groups. Regulations that restrict the informal economy, for example, should have a clear public benefit that outweighs the possible negative impact on economic activity. A long term goal should be to move informal activities into the formal sector by addressing the factors that discourage these activities from operating in the formal sector. A large informal economy may indicate a high level of disenfranchisement from the government. Getting an accurate measure of the level and extent of the informal economy can be time consuming and the risk of inaccurate data is high, but it is an important metric.

e. Facilitate subsistence and small agriculture. Agriculture provides immediate livelihood and contributes to food security. In close consultation with State, USAID and USDA can provide appropriate seeds, tools, fertilizer, fuel, pesticide, equipment, and other required production capability to farmers. USAID and USDA have implemented many programs to generate employment in post-conflict environments.

f. Encourage establishment of cooperatives for producers, especially farmers. Cooperatives can provide for efficient community use, purchasing, and marketing. USAID, USDA, and the Department of Commerce can provide technical assistance in establishing cooperatives, which can also serve as a mechanism for community cooperation and reconciliation. This has been found most effective when organized locally.

g. Support entrepreneurs using public-private partnerships. Sustainable economic development does not come from foreign assistance alone, it requires domestic investment. Joint Force comparative advantages in the areas of security, facilitation, logistics, and communication, can be effectively utilized to encourage the formation of partnerships between public and private institutions.

h. Support creation of community centers. Community Centers can provide the venue for skills training, business training, mentoring, access to microfinance and other business services. Establishing community centers has historically proven most effective where local economic civil society groups, business groups, chambers of commerce, and other organizations participate and exercise local ownership. USAID, the Department of Commerce, the US Trade and Development Agency, the International Chamber of Commerce and others can all provide assistance.

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⁴⁹ http://www.cgap.org

"We have joined efforts with organizations like the Iraqi/American Chamber of Commerce (IACC) to help revitalize small business in Ramadi. Company commanders went through every neighborhood and conducted assessments on all small businesses so we could help jumpstart the small business grant program. We collected over 500 assessments, which helped the IACC begin its grant operations. This is the same technique we use with all non-military organizations—we use our presence in the city and access to the population to facilitate their operations. Revitalizing small businesses in Ramadi will lead to more stable communities, which helps us maintain overall security in the area."

> John W. Charlton COL, Infantry Commanding Camp Ar Ramadi, Iraq

i. Provide security and contract with local private enterprise. Providing security for business and markets is the primary consideration, but contracting with the local private sector for goods and services can provide additional support to private sector development. Prioritize local private contractors for construction, repair, and other requirements. Joint Forces should contract with local firms for support, equipment and supplies to the maximum extent possible.

The Army Corps of Engineers' Gulf Region Division and Joint Contracting Command – Iraq/Afghanistan made contracting with local Iraqi firms a priority. Reconstruction contracts built in incentives for prime contractors in Iraq to subcontract with local Iraqi businesses, including Iraqi women-owned businesses. In September 2006, more than 70 percent of the Army Corps of Engineers projects were directly contracted, mostly with Iraqi firms. Ultimately the Iraqi First program was implemented by Multinational Force Iraq. It operated on the premise that money already being spent on contracts for goods and services to support Coalition Forces can be directed to Iraqi businesses and labor. This directly supported the leveraging of contracting resources and activities to provide increased opportunities for the economic expansion, entrepreneurship, and skills training for the people of Iraq.

This helps create opportunities for local and host national entrepreneurs, and directly stimulates the local economy. The details of this are the responsibility of the Contingency Contracting Officer who can locally acquire the items needed to support the mission.⁵⁰

j. Leverage the resources of emigrant populations from the affected country (the Diaspora). Joint forces should be aware of the support provided by Diasporas. World Bank and USAID

⁵⁰ Contingency Contracting A Joint Handbook for the 21st Century, <u>http://www.acq.osd mil/dpap/pacc/cc/jcchb/</u>

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studies have shown that remittances from migrants alleviate poverty and help raise levels of child health, school attendance and investment. The USAID Global Development Alliance Diaspora Networks Alliance (DNA) can leverage the vast resources of Diaspora communities. It includes philanthropy, a volunteer corps, direct investment, and other engagements. The World Bank has also successfully implemented projects that recruit expatriates through a merit-based system to build capacity in government departments and agencies. As discussed under banking and finance, small informal money and foreign exchange dealers, such as hawalas or black market peso exchanges (not formal banks) transfer remittances from migrant workers. Joint Forces should seek to avoid interfering with hawalas and other informal financial institutions and try to legitimize, rather than drive out of business, small foreign exchange dealers.

6. Operational Relevance, Objectives, and Effects.

a. Economic normalization objectives are usually designed to prevent a return to conflict, instill a sense of hope and optimism toward the future, and minimize potential conflicts with medium and long term development objectives. In order to achieve these objectives, joint force support for creation of the following effects/conditions may be helpful:

(1) A safe and secure environment exists that facilitates economic activity necessary to generate employment.

(2) Transportation and other physical infrastructure required to support employment are available.

(3) Spoilers do not benefit from economic normalization projects.

(4) The percentage of key population groups engaged in productive economic activity increases.

(5) Participation in all levels of the education system increases.

(6) Unemployment in key population groups decreases, while overall employment in sustainable activities is increases.

(7) Average wage levels increase and are sustained locally without the need for USG or donor sponsored programs.

7. Key Interagency Partners and Coordination Processes.

a. Multiple U.S. and international agencies can provide funding and technical support for employment generation projects. The Department of State, and the S/CRS when directed, is charged with coordinating civilian agency responses to crisis and post-crisis reconstruction and stabilization situations. The S/CRS will typically be directed to get involved when the scope of the reconstruction and stabilization effort is anticipated to exceed the capability of the US Embassy and Country Team. This may trigger DOS activation of the Interagency Management System which is designed to assist Washington policymakers, Chiefs of Mission (COMs), and

military commanders manage complex R&S engagements by ensuring coordination among all USG stakeholders at the strategic, operational, and tactical/field levels.⁵¹ In areas where the international donor community is active, donor coordination groups may already exist that can facilitate coordination of donor and NGO actions. These extant institutional arrangements should be the preferred means of coordinating reconstruction activities. It is possible that, in the early post-crisis periods, the Joint Force may be required to establish ad hoc collaboration mechanisms to effectively coordinate activities with the State Department, USAID, and other involved agencies.

b. Civilian agencies and organizations with employment generation capabilities are outlined below:

(1) The U.S. Embassy "Country Team." The U.S. embassy should be the primary conduit for planning and coordination. The Country Team will generally have at least one economic officer, a USAID mission director and possibly officers from the Departments of Commerce, Treasury, Agriculture and others. These officials will be the best positioned to advise the joint force on the current situation as well as programs already sponsored by the host government, the USG and other donors. All these offices receive support from their respective Washington based headquarters as described below.

(2) The U.S. Agency for International Development is the main partner for the joint force for local economic normalization coordination. USAID's Office of U.S. Foreign Disaster Assistance (OFDA) deploys Disaster Assistance Response Teams which provide an immediate on the ground assessment, and work routinely with other organizations in fragile states and in post disaster environments that are providing humanitarian assistance. The USAID Office of Transition Initiatives (OTI) works with civilians in fragile states using quick impact projects lasting 2-3 years and has extensive experience in generating employment. The USAID Conflict Mitigation and Economic Growth offices also support initiatives that support economic normalization. All these offices operate through issuing contracts to implementing partners/NGOs and providing direct grants. Additionally, USAID Community Stabilization Programs (CSPs) have historically reduced the incentives for young men to participate in violence, which facilitates security, stabilization, and economic normalization. CSPs focus on short-term employment generation through its community infrastructure and essential service projects, which help to deliver basic services at the local level. It then focuses on longer-term job creation through Business Development programs, providing capital and training to micro, small, and medium-sized private enterprises, particularly those with high employment potential or have been destroyed by violence. CSP supports education through its vocational training and apprenticeships, which provides employable skills, practical experience, and provides assistance with job placement in careers such as carpentry, masonry, welding and sewing. Finally, CSP focuses on engaging youth through sports, cultural events, skills training, public service campaigns, and other activities designed to keep young people off the streets and connected in a positive manner with their culture and community.

(3) U.S. Department of State. The Bureau for Population, Refugees, and Migration

⁵¹ US Department of State, Interagency Management System for Reconstruction & Stabilization, 9 March 2007, page 2.

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supports U.S. and international organizations that provide assistance during humanitarian crises and natural disasters. It has global coverage, and works through providing grants.

(4) U.S. Department of Commerce (DOC). The DOC promotes and develops the foreign and domestic commerce of the United States. It is an extremely large and diverse Department with at least ten operating Bureaus, many of which could provide expertise and technical assistance for personnel from a post-conflict country's national government. Commerce has an Office of Reconstruction and Stabilization which can coordinate other expertise in commercial law, customs, export controls, nonproliferation, census, National Oceanographic and Atmospheric Agency (NOAA) expertise and many other areas. Even if not required to deploy in the immediate response, the Department can provide assistance through reachback for technical assistance in matters with potential strategic implications. For example, the selection of technologies for cellular telephone service has longer term implications and DOCs National Telecommunications Information Agency can provide options and advice. In the DOC International Trade Administration (ITA), the Foreign Commercial Service has a global network of trade professionals who promote and protect U.S. commercial interests abroad. ITA has detailed knowledge of local conditions and actors. Additionally, ITA can establish a task force to serve as a clearinghouse of information for companies interested in investing in post conflict environments.

(5) The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services. Although USTDA does not have immediate response capabilities, technical assistance and grants can be funded in the form of orientation visits which bring foreign project sponsors to the United States to observe the design, manufacture, demonstration and operation of U.S. products and services that can potentially help them achieve their development goals.

(6) The Overseas Private Investment Corporation (OPIC) mission is to mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed countries. OPIC does not have immediate response capabilities, but is well suited to encourage investment in post-crisis nations through reach-back.

(7) The Export-Import Bank (EX-IM) assists in financing the export of U.S. goods and services to international markets. The Bank assumes credit and country risks that the private sector is unable or unwilling to accept, which is likely in post-conflict countries. It provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing).

(8) U.S. Department of Labor (DOL). Veterans' Employment and Training Service works on reintegration programs for former military and has expertise with veterans' programs. It operates through grants to contractors and national governments. DOL Bureau of International Labor Affairs, Office of Trade Agreement Administration and Technical Cooperation, provides

post-conflict assistance through re-training, reintegrating demobilized soldiers, promoting women's empowerment, educational development of employable skills, etc. for people economically dislocated and victimized by war, e.g., those suffering war-connected disabilities and war widows.

(9) World Bank Group (includes the International Financial Corporation): Offers funding under various program categories including Conflict Prevention and Reconstruction (the Post-Conflict Fund), Infrastructure development, and Low Income Countries Under Stress. The bank provides funding for restoration of lives and livelihoods in postwar environment, small-scale job creation programs, and microfinance projects. Loans and grants are given direct to the UN, national governments, or local NGOs.

(10) United Nations: There are multiple UN organizations supporting livelihood creation programs. These include:

 $\underline{1}$. The United Nations Development Program (UNDP) Bureau for Crisis Prevention and Recovery, which works with civilians to prevent armed conflicts, reduce the risk of disasters, and promote early recovery after crises with grants to NGOs and UN field missions in all stabilization countries.

<u>2</u>. The United Nations High Commissioner for Refugees (UNHCR) funds "quick impact projects" that work with reintegration of returnees and displaced persons through small-scale, low-cost projects, often including income-generating and microcredit schemes. Operates through local organizations and self-funded programs wherever there are refugees.

<u>3</u>. The United Nations Children's Fund provides emergency funds for projects to return child soldiers to civilian life; includes education and training programs.

4. The International Labor Organization (ILO) operates the InFocus program on crisis response and reconstruction, which provides technical assistance to promote sustainable employment through capacity building grants to local NGOs and UN field missions. It emphasizes support for women and other vulnerable groups.

8. How to Conduct an Employment Generation Assessment.

a. In preparing a sectoral assessment the military planner should access employment generation assessments developed by the USG, partner nations, and international organizations and apply them to the planning process, as appropriate. The best source for current assessments of the target country will generally be the US Embassy Country Team. Additionally, the planner should leverage assessments developed by USAID, State S/CRS, MCC and other institutions.

b. Answers to many of the questions needed to assess employment generation activities should be known from conducting the comprehensive assessment described in Chapter I. A more detailed assessment seeks to obtain a comprehensive picture of employment in the area prior to the crisis and how the status quo was affected by the crisis. If unemployment increased during the conflict, what were its sources? How do other stakeholders currently assess the problem? Of

primary concern to the joint force is how employment, and economic activity in general, is being currently affected by the general security situation. Below are some more specific illustrative questions that should be addressed:

c. Employment Sector Overview. These questions should go beyond those in the Chapter 1 assessment and be designed to reveal detail about the sector that will enable planners to identify possible courses of action. Example include:

(1) What is the impact of the current security situation on employment and economic activity? How did the conflict affect the level of unemployment?

(2) What is the working-age population of the country? How is it distributed? Where are the major population centers?

(3) How large is the work force in each area?

(4) What are the expectations of the population with regard to employment in the post-conflict era?

(5) Is the economy mostly agrarian, or industrial, manufacturing-based, or mixed? What are the key industries and companies? Where are manufacturing facilities located?

(6) How dependent on foreign trade is local industry, either for key components or for export markets?

(7) Do the economy's existing labor regulations pose barriers to employment?

(8) How difficult is it to hire or fire workers? What are the costs of firing a worker?

(9) Are there restrictions on when and how long employees can work?

(10) What percentage of salary are non-wage labor costs such as social security payments and payroll taxes?

d. Institutional Capacity and Resource Availability. These questions should identify organizational, financial, and human resources available for: 1) meeting critical short-term problems, and 2) addressing longer-term gaps that require governmental/institutional capacity building. They should also identify Host Nation, USG, other foreign donor government, intergovernmental organization, and NGOs operating in the area or that may offer resources to support employment generation activities. Examples include:

(1) What are the major government ministries and departments with employment generation or vocational training responsibilities? Are there any government or private sector vocational training facilities? Do they have the administrative and financial capabilities to implement employment generation programs? How can their efforts be supported?

(2) Which ministry or organization is responsible for enforcing domestic labor laws and regulations? Do workers have the right to organize independent unions?

(3) What are the important labor organizations/unions? What roles are they likely to play in employment generation? Supportive? Confrontational? Do they have links to specific groups?

(4) What kinds of potential funding and technical assistance may be available from the USG?

(5) Where other foreign governments or international development institutions active in the country pre-crisis? What type of programs were they funding? Could they be restarted quickly? How might they be supported?

(6) Were foreign or domestic NGOs active in the country prior to the crisis? What type of employment generation programs were they funding? Is there a potential for these to be restarted quickly?

(7) Are there any existing donor coordination groups active in the country? How are they organized? Where do they meet?

e. Problem Identification and Analysis. Questions should be designed to identify problems in the sector as well as their scope and causes. It should help planners to identify: 1) problems that the JTF/other USG and coalition partners could be address directly, and 2) needs for long-term capacity building that would be initiated by the military and completed by civilian agencies or be conducted entirely by civilian agencies. Examples include:

(1) How do government actions and policies affect employment generation? Does the government impose undue restrictions on labor mobility (wage controls, restrictions on hiring and firing, wage taxes, etc.). Are there unnecessary levels of bureaucracy?

(2) Which components of the labor force are most sensitive to unemployment in the sense that their failure to meet their economic aspirations in the post-conflict era could undermine the achievement of mission objectives?

(3) How has it been affected by demobilized soldiers? How many combatants are being demobilized? What are their employment prospects? How high is the risk they will become insurgents or turn to criminal activity if their employment expectations are not met?

(4) How has employment been affected by IDPs? How many internally displaced persons (IDPs) have left their homes and where are they located? How many people have fled the country as refugees and where are they located now?

(5) Has there been a loss of skills in the private sector and government due to crisis? Are there programs in place to identify members of these groups and encourage their

return?

(6) Are there specific laws or regulations that hinder employment generation efforts? How might these be addressed?

f. Potential for Unintended Consequences. Questions would seek to identify the potential that operations in the sector might strengthen spoilers or disturb societal fault lines/divisions between ethnic or religious groups, social classes, or tribes/clans. Examples include:

(1) Were there issues in the employment sector that contributed to the conflict or crisis? These may include wide spread unemployment, ethnic or social tensions.

(2) Where there groups that benefited most from the pre-conflict status quo? How might they respond to possible courses of action?

(3) How high is the risk that public support will shift away from the leadership supported by the United States if popular expectations regarding employment are not met?

(4) Are some ethnic, religious, or other groups more affected that others? Are there particular groups whose needs require special attention, or pose risk of creating tensions? Examples include potential for a rapid influx of demobilizing combatants who will be competing for employment with women who, as a group, increased their presence in the job market during the conflict, as the number of women-headed households increased.

(5) How have SOEs been affected? Are employees still drawing wages? Who controls these entities? Who would benefit from resumption in operation specific SOEs?

(6) Are there high levels of informal economic activity? How do these compare to pre-crisis levels? Are any of these imformal activities supported/controlled by criminal or potential spoiler groups?

g. Sources of data for this informative are the same as for the comprehensive assessment, but a Tactical Conflict Assessment⁵² can provide more current data that should be shared with civilian agencies and other donors. Any assessment of the employment sector should also include an assessment of how the local population responds to possible incentives and disincentives. Human Terrain Teams, the U.S. Embassy members and intelligence analysts with regional expertise can be helpful in predicting how the local population may respond to possible courses or action. For example, providing technical assistance to the host government as it decides whether to resume operation of a State Owned Enterprise, close it down, or privatize it should be informed by an understanding of how these options might be perceived by the local population. Which groups might beneifit from the variouis options would be issues to address before chosing a specific option. Restoring operation of an SOE that had unduly benefited supports or a previously unpopular government could well undercut stabilization efforts while

⁵² The Tactical Conflict Assessment Framework is a standardized diagnostic process designed for use by both military and civilian personnel. It is employed to gather information from local inhabitants to identify the causes of instability or conflict in tactical areas of operation. This information helps identify, prioritize, monitor, evaluate, and adjust civil-military programming targeted at diminishing the causes of instability or conflict.

directing support to potential spoiler groups.

9. Develop a Narrative Picture of Employment Needs. Once the necessary data is gathered, planners should develop an analysis or narrative that identifies the current or expected employment situation in the immediate post-crisis period. This should include identifying key needs to be addressed by employment generation programs and a list of notional employment projects to be undertaken. As noted previously, a vital requirement to be addressed in any assessment is how security conditions may impact on employment and how military resources can best be employed to meet this critical need.

10. Implementation Monitoring Measures.

a. During the implementation phase, monitoring should focus on what impact employment generation is having on perceived needs and attitudes of the population. Specific measures include:

- (1) Indications that programs are exacerbating social tensions between groups.
- (2) Indications that program benefits are being diverted by potential spoilers.

(3) Potential actions by groups aimed at disrupting initial employment programs, such as labor unions supported by the prior government.

(4) Impact on attitudes toward the host government, understanding the goal is to enhance the credibility of the recognized government.

11. Cross References to Department of State Essential Task Matrix. Appendix B expands on the activities identified by the S/CRS Essential Tasks Matrix, which is a detailed list of stability-focused, post-conflict reconstruction essential tasks to help planners identify specific requirements to support countries in transition from armed conflict or civil strife to sustaining stability. It serves as a detailed planning tool.⁵³ The identification of specific tasks that could potentially contribute to employment generation should be negotiated with the lead US agency and coordinated with the US Embassy and Country Team. Emphasis should be given to anticipating how short-term efforts can be integrated into the overall USG strategy and longer term reforms and projects.

11. Further References.

a. US Agency for International Development -2007. - Community Based Development in Conflict Areas – an Introductory Guide for Programming

b. Beasely, Kenneth W. 2006. Job creation in post conflict Societies, PPC issues paper No. 9, PN-ADE-194, USAID

⁵³ US Army, FM 3-07, Stability Operations, October 2008, page 2-5.

c. US Agency for International Development – 2005 - Livelihoods and conflict – A Toolkit for Intervention

d. US Agency for International Development -2007 - A Guide to Economic Growth in post-Conflict Countries (Discussion Draft)

e. US Institute for Peace, March 2007 - Employment Generation and Economic Development in Stabilization and Reconstruction Operations

f. United Nations Development Program Commission on the Private Sector and Development 2004, Unleashing Entrepreneurship: Making Business Work for the Poor

g. Development in Stabilization and Reconstruction Operations International Labor Organization – May, 2003 – Poverty and Employment in Crisis Situation: The gender dimension

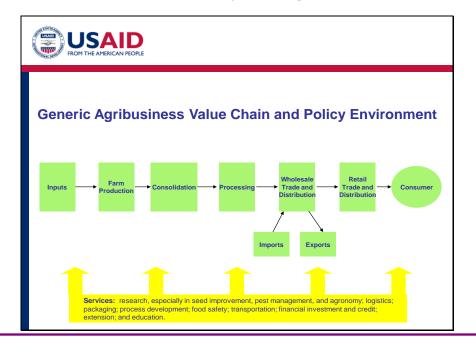
CHAPTER III

AGRICULTURE AND FOOD SECURITY

The Military Problem

In addition to providing a secure environment to process, store, and distribute agricultural products, what are the military supporting tasks, planning considerations, and coordination required to maximize agricultural production and assist nations in providing food to their populations?

1. **Purpose and Scope.** Agriculture and food security encompass much more than farm production. It includes livestock, poultry, grain, vegetables, fruit, fish, fiber, and forestry. The Figure III-1 outlines some of the linkages involved in the agriculture value chain and policy environment. During conflict, agricultural activity is usually reduced to subsistence farming, but agriculture is typically one of the first areas to rebound Restoring agricultural production and system needed to get that production to local markets can be undertaken almost immediately or sometimes in the midst of low-intensity conflict and can provide a primary source of employment. Food security issues address availability, access and utilization of food by the broader population, and may sometimes create conflicts between humanitarian assistance efforts aimed at providing foodstuffs and support for local agricultural industry development. A balance between short term humanitarian needs and long term development.



III-1

Figure III-1. Generic Agribusiness Value Chain and Policy Environment

2. Agriculture and Food Security Objectives and Outcomes:

a. Secure environment for people, property and market places.

b. Farmers, fishermen and others have access to seed, irrigation, fertilizer, extension and veterinary services, equipment, implements, financing and other productivity goods and services.

c. Agricultural market infrastructures are functional: Transportation, rural roads, pack houses, telecommunication infrastructure required to move goods between production sites, and markets are operable and safe.

d. Minimum level of food security established through a combination of domestic production, food imports, and humanitarian assistance efforts.

e. Employment opportunities and income support assures access to sufficient food supplies.

3. Agriculture and Food Security Tasks and Planning Considerations:

a. A secure and supportive environment for agriculture and food security includes not only the protection of people, property, and marketplaces but also:

(1) Essential services, such as electricity and water, and this may include implementing systematic water allocation to farm, fish and animal agriculture consumers. Clean water is usually the most important requirement, which is usually understood by farmers, but not by the general population.

(2) Critical private infrastructure such as warehouses, packing sheds and processing plants.

(3) Key institutional infrastructure that supports agricultural extension services that support food safety, animal health, plant health, and environmental protection.

(4) Safe and open roads (de-mined and cleared) without unauthorized checkpoints.

(5) Basic transportation.

(6) Communications. Cellular telephone service can be established quickly in postconflict environments. It can be used to decide when to plant and harvest by calling other farmers, to get best prices by calling wholesalers, and to save time by scheduling or meeting deliveries and pick-ups that are infrequently on time.

(7) Financial transaction and credit systems, which could also use cellular telephones.

(8) Private organizations, such as grower, processor and exporter associations: trade associations; chambers of commerce; etc. Agricultural associations, which are businesses owned

and operated by their members, can be encouraged by providing start-up kits. These kits may vary based on local needs but might include basic agriculture equipment such as a tractor and basic implements to be used by members, or office and communications equipment to facilitate marketing efforts.

b. Humanitarian assistance efforts which provide food products often inadvertently distort agricultural markets by driving down the price of local goods, discouraging local production, and can conflict with efforts to stimulate private sector development and agricultural employment. Agricultural production recovery and market development can move communities more rapidly from relief dependency to independent livelihood security. It is therefore important to reduce, as soon as practical, imports of donor food and other relief supplies that can be produced locally.

c. Restarting markets requires simultaneous attention to improving transportation infrastructure, food production, and instilling confidence in the security environment – at all points in the distribution system – but especially at the point of purchase in the marketplace.

New Baghdad Market

In Iraq, an embedded provincial reconstruction team (PRT) and an Infantry Division's Armor Battalion worked with the Baghdad Provincial Council, local district and neighborhood councils to establish a modern community-based retail food market. Built with USAID funding in 2004, it was designed for secure shopping, sanitary food handling and safe food storage, but the market remained unoccupied as violence and ethnic tension drove residents away. Local police continuously ran squatters out of the stalls, and coalition forces often found weapons caches there. In 2008, as stability was established and local residents returned to their neighborhood, hundreds of vendors commandeered nearby streets, not the market, building makeshift stalls to sell vegetables, chicken and meat. It was subsequently opened with improved security and rehabilitated infrastructure.

d. Land access rights and property rights are difficult and require long term solutions. In close consultation with the Country Team, local officials and others should ensure there is an easily accessible, preferably local, process to determine land ownership and resolve disputes.

e. Prepare immediately for the next production and harvest season, using market-led systems for input and output marketing.

(1) If the effort begins before the planting season, help returning farmers begin family gardens, subsistence farming, and cash cropping by facilitating local venues where farmers can buy or exchange local seeds directly with other farmers, called seed fairs, vouchers and providing start-up kits of tools.

Chapter III

(2) If returning refugees and IDPs arrive late in the planting season, be prepared to support these households with humanitarian assistance until the following harvest period.

f. Identify available sources of required expertise and start planning for long-term recovery right away. Participate actively with the Country Team in their coordination efforts with the local government, donors, NGOs and local farmers knowledgeable about the local environment. Establish a CMOC, if required.

National Guard

A Tennessee Army National Guard Agribusiness Development Team deployed for a year to Afghanistan to assist farmers in that region. The team is composed of soldiers with a wide variety of Military Occupational Skills from throughout Tennessee. The soldiers, accompanied by a security team, is prepared to teach basic farming techniques such as planting and harvesting wheat, planting corn in rows and using trellises to grow tomatoes and grapes. They can also work to improve irrigation systems and crop storage facilities. The objective is to help farmers in Afghanistan become more self-sufficient while avoiding the illegal drug trade.

g. The first steps toward generating agricultural employment should emphasize job opportunities that help put unused agricultural land back into production. Beginning with the country's major agricultural production areas, target rural communities and farms for assistance. Because of the typical lag in the rebound of private investment in farming, public financing and assistance projects may be needed for such tasks as rebuilding warehousing and feeder roads, and repairing water delivery systems. Investment decisions should be based upon both how effective they would be in bringing land back under cultivation and providing jobs and

A Rural Finance Leaders Development Program (RFLD) was managed through the U.S. Department of Agriculture's (USDA) Agribusiness Development and Policy Support Project (ADAPS) and financed by USAID. Iowa State University (ISU) worked with USDA to design and implement the RFLD program for Romania. The project provided team building and technical assistance with the aim to improve credit access in rural regions of Romania. The project created a team of people able to assist the farmers and agribusinesses in accessing credit from Commercial Banks. A pilot program provided small agribusinesses with the tools needed to access credit, created relationships with both private and public consultants and help them understand how to develop a business plan for small agribusinesses, and contacted local banks and other financers to understand the changes taking place within the sector, and the credit products available to farmers.

increasing productivity. In some instances increasing land under cultivation will be a good decision,, even if the economic efficiency might prove to be marginal.

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Military Support To Economic Normalization Handbook

Comment [c4]: There was a previous National Guard unit which wanted mention

h. Assess the capability of local government, facilitate technical assistance, and support socio-economic and agricultural institution-building, including extension and education services through USDA's Foreign Agriculture Service (FAS), USAID or via reachback.

A PRT leader in Iraq coordinated with the Brigade Commander, who used CERP funds to install computer, audio and video equipment that facilitated the reachback from an Iraqi University to a U.S. Land Grant University. Initially used for information and technical exchanges the system now allows distant learning between universities.

i. Provide emergency veterinary services for both animal health and food safety. U.S. Army Veterinary personnel can provide emergency services, building local partnerships

4. Key Interagency Partners and Coordination Processes for Agriculture and Food Security:

a. The U.S. Embassy "Country Team." The U.S. embassy should be the primary conduit for planning and coordination. The Country Team will generally have at least one economic officer, representatives of the USAID and possibly from the Departments of Commerce, Treasury, Agriculture and others. These officials will be the best positioned to advise the joint force on the current situation as well as programs sponsored by the host government, the USG and other donors. All these offices receive support from their respective Washington based headquarters as described below.

b. The U.S. Agency for International Development (USAID) is the main partner in the field for the joint force. USAID's Office of U.S. Foreign Disaster Assistance (OFDA) deploys Disaster Assistance Response Teams which provide an immediate, on the ground assessment and work routinely with other organizations in fragile states and in post disaster environments that are providing humanitarian assistance. The Office of Transition Initiatives (OTI) works with civilians in fragile states using quick impact projects lasting 2-3 years. The Conflict Mitigation Office and Economic Growth Bureau also support initiatives. All operate through contracts to implementing partners/NGOs and direct grants. USAID can also fund the post-conflict operations of USDA and other Departments.

c. U.S. Department of Agriculture (USDA). The USDA Foreign Agriculture Service (FAS) offers a wide range of technical assistance, education and outreach programs for emerging agricultural markets and developing countries that are designed to support the development of science-based regulatory policies and promote food security. Some of the activities include: Agricultural <u>Trade Capacity Building</u>, Agricultural <u>Development Resources and Disaster Assistance</u>, Food Assistance, Promoting Agricultural <u>Trade and Investment</u>, <u>International Development Job Opportunities</u> in agriculture, Agricultural <u>Trade and Scientific Exchanges</u>, <u>Cochran Fellowship Program</u> in Agriculture, <u>Norman E. Borlaug</u> International Agricultural Science and Technology Fellows Program. USDA experts have served as Provincial Reconstruction Team (PRT) Agricultural Advisors in Afghanistan and Iraq.

d. International Organizations. Members of the international community, such as the World Bank, several United Nation agencies, regional development banks, and other bilateral donors and nongovernmental organizations (NGOs), may also be able to provide resources. Joint Force interface with these institutions should use existing coordination mechanisms, such as USAID and USDA who coordinate with these organizations, U.S. universities, and/or other U.S. and international organizations to facilitate cooperation on international food, science, and technology issues. They include the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization of the United Nations (FAO), the Organization for Economic Cooperation and Development (OECD), the World Food Programme (WFP), the Inter-American Institute for Cooperation on Agriculture (IICA), the World Bank, and the Inter-American Development Bank.

e. The U.S. government can provide food aid through direct donations and concessional programs using four program authorities listed below. The U.S. Agency for International Development (USAID) administers the Public Law 480, Title II Emergency and Private Assistance program. USDA administers the other food aid programs and the Bill Emerson Humanitarian Trust.

f. The USAID Administered Public Law 480, Title II–Emergency and Private Assistance, provides for the donation of U.S. agricultural commodities to meet emergency and nonemergency food needs in countries, including support for food security goals. However, agricultural commodities donated by the U.S. government to meet emergency needs are traditionally provided through the WFP or PVOs.

g. The Food for Progress (FFP) program provides for the donation or credit sale of U.S. commodities to developing countries and emerging democracies to support democracy and an expansion of private enterprise. To date, all food aid under this program has been by donation. USDA also uses FFP to target countries in transition and focus on private sector development of agricultural sectors such as improved agricultural techniques, marketing systems, farmer education and cooperative development, expanded use of processing capacity, and development of agriculturally related businesses. For example, the FFP agreement between USDA and National Rural Electric Cooperative Association (NRECA) provided \$8.5 million in commodities for use in the Philippines. NRECA sold the commodities and used the funds to help establish and finance the Rural Electric Finance Corporation of the Philippines (REFC). Once established, the REFC financed a lending program. Loan projects included power distribution improvements and expansion, small power supply projects, and renewable energy systems. As a result, 120 electric co-ops in the Philippines provide as many as 5 million people with electricity every day.

h. The McGovern-Dole International Food for Education Program and Child Nutrition Program helps support education, child development, and food security for some of the world's poorest children. It provides for donations of U.S. agricultural products, financial and technical assistance, school children feeding and maternal and child nutrition projects in low-income, food-deficit countries that are committed to universal education.

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i. The Section 416(b) program provides for overseas donations of surplus commodities; however, it is currently inactive due to the unavailability of government-owned commodities.

j. The Bill Emerson Humanitarian Trust is another important resource to ensure that the U.S. government can respond to emergency food aid needs. The Emerson Trust is not a food aid program, but a food reserve administered under the authority of the Secretary of Agriculture. U.S. commodities from this reserve for public law 480 can be used to respond to humanitarian food crises in developing countries, particularly those that emerge unexpectedly. Up to 4 million metric tons of U.S. wheat, corn, sorghum, and rice can be kept in the reserve. The Secretary of Agriculture is authorized to release commodities from the Emerson Trust to provide food aid for emergency needs that cannot otherwise be met through P.L. 480.

k. The interagency Food Assistance Policy Council, chaired by USDA's Under Secretary for Farm and Foreign Agricultural Services, is one of the USG coordination mechanisms for U.S. food aid policies and programs. The council includes representatives from the Office of Management and Budget (OMB), the Department of State, USAID, and USDA.

5. How to Conduct an Agricultural Sector Assessment

a. In most economies, the agricultural sector will be an integral part of the national economy as a major employer, a supplier of essential foodstuffs and raw material for local industry, and a foreign export earner. An assessment of the agricultural sector will provide a baseline for planning desired short and intermediate term outcomes that support strategic objectives. Start by gaining an accurate assessment of agriculture's role in the national and regional economy and continue with a more detailed assessment of the elements in the food security value chain. These include key products, key inputs required to sustain agricultural production, and key issues that may arise. Conditions may vary within regions in a country and care must be taken to research the specific circumstances, laws, and traditions that apply to each region.

b. The assessment of a post-conflict country's agriculture sector should include assessing informal enterprise and market development, informal cross border trading, opportunities to reinvigorate microenterprise development, and opportunities to restore basic agriculture skill levels and infrastructure. The assessment should also identify short-term agriculture policies required to transition from efforts to restore agricultural production to pre-crisis levels to longer term policies promoting further growth and development. The focus, however, should remain on the basic inputs of agriculture -- land, labor, and capital. An outline of an agricultural sector assessment would look similar to the one below.

c. For many developing economies with a significant agriculture sector, an assessment may already be available from USAID, USDA, or a similar development institution. If not, the best sources of this information are the Food and Agriculture Organization of the United Nations (FAO),⁵⁴ and the Economic Research Service of USDA,⁵⁵ and Economist Intelligence Unit⁵⁶ and the references it lists.

⁵⁴ http://www.fao.org

⁵⁵ http://www.ers.usda.gov

⁵⁶ http://www.nsa.smil.mil/producer/refs/eiu

d. Agriculture Sector Assessment Outline:

(1) Sector specific overview. These questions should go beyond those in the Chapter 1 assessment and be designed to reveal detail about the sector that will enable planners to identify possible courses of action. Example include:

(a) What is the agricultural component of gross domestic product (GDP) and projections for the future? What role does agriculture play in the local and overall economy? Is this role growing or declining? Why? What are the key factors affecting production? What are future trends likely to be?

(b) How large is overall labor force in the agriculture sector, including processing and marketing activities? What percentage grows crops, raises livestock, or depends on post-harvest activities for income? Are there regional difference in income and production? What are the causes?

(c) What are the landholding patterns? Large scale commercial, smallholders, tenant farmers, cash crop cultivation versus subsistence farming? What is the average sized land holding? What measurements are used to define them, i.e. acres, hectares, biggahs, etc? Is land reform a potential issue? Is mechanized farming prevalent or draught animals still widely used? An analysis of the impact each major crop has on employment would also be useful.

(d) What are the historical production profiles for domestic food and cash crops? This should provide a historical record of each major crop produced. This would include data on recent harvests, how that compares to historical trends, and an assessment of possible reasons for any significant changes in harvest levels or market demand.

(e) What are the key inputs used for crop production (seed, fertilizer, irrigation etc.). Are these inputs distributed by free market mechanisms or government control? Are subsidies involved?

(f) What are the key transaction costs faced by producers. What factors add to the cost of production? Are there government levies or taxes that affect production? Are these broad based or targeted at specific crops? Are power or irrigation costs unnecessarily high due to inefficiencies or specific government policies?

(g) Does food security exist, as defined by all people having access to sufficient, safe, nutritious food? The concept of food security is defined as including both physical and economic access to food that meets people's dietary needs as well as their food preferences. Does the country produce sufficient food to meet basic needs? Is there a system of warehouses and stockpiles to meet unexpected shortages? Are there regional imbalances? Are there programs in place to identify and assist vulnerable groups?

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(h) How do farmers finance production? Is there a crop finance system in place? Does it differ from crop to crop? Are there any cooperative or microfinance activities?

(i) How important is commercial agriculture (cultivation of cash crops) in the economy? What are the main crops produced for export? How have these crops performed? Are there unique factors (taxes, export constraints, price controls) affecting their performance?

(j) What are the major domestic and international corporations and businesses producing, processing, or marketing in agriculture? Major producers of agricultural inputs (seeds, fertilizer, and machinery) should be included.

(k) What is the role and effectiveness of producer organizations? What are the existing local producer organizations (cooperative societies, farmers' associations, etc.)? Can these local organizations serve as effective partners and will they support joint force recovery efforts. Are these organizations locally controlled? How are they viewed by the local population?

(1) What is the role of agriculture in government's general economic development strategy? How does it fit into any existing national development strategies and targets?

(m)How does the current strategy compare to the pre-crisis agricultural sector development strategy and program? Such strategies may have been formally adopted by the government, or contained in proposals by the World Bank or other donors.

(2) Institutional Capacity and resource Availability. Questions should identify organizational, financial, and human resources available for: 1) meeting critical short-term problems, and 2) addressing longer-term gaps that require governmental/institutional capacity building. These should also identify Host Nation, USG, other foreign donor government, intergovernmental organization, and NGOs operating in the area or that may offer resources to support employment generation activities. Examples include:

(a) What are the major government ministries and departments with responsibilities affecting the agriculture sector, including food safety and health issues? Are there any government sponsored research facilities? How are agribusinesses regulated?

(b) How is government organized at the local level, especially in rural areas? Do local entities have taxing authority?

(c) Is there an agriculture extension service or similar assistance to farmers which provides improved farming techniques and production efficiencies through communication and education? How well do these entities perform?

(d) What kinds of potential funding and technical assistance are available from the USG?

(e) Were other foreign governments or international development institutions active in the country prior to the crisis? What type of programs were they funding? Is there a potential for these to be restarted quickly?

(f) Were foreign or domestic NGOs active in the country prior to the crisis? What type of programs were they funding? Is there a potential for these to be restarted quickly?

(g) Are there any existing donor coordination groups active in the country? How are they organized? Where do they meet?

(3) Problem Identification and Analysis. Questions should be designed to identify problems in the sector as well as their scope and causes. It should help planners to identify: 1) problems that the JTF/other USG and coalition partners could be address directly, and 2) needs for long-term capacity building that would be initiated by the military and completed by civilian agencies or be conducted entirely by civilian agencies. Examples include

(a) How has the crisis affected activity in the agriculture sector? Has there been damage to irrigation systems, warehouses or other key infrastructure? Does the general security situation prevent cultivation or delivery of agricultural production to market? Have sowing or harvesting activities been affected? Are there potential projects that may limit damage to crops in the field or to food stockpiles?

(b) Are there environmental issues that may affect agricultural production? Does soil degradation, desertification, deforestation, declining water resources, or similar things restrict production? Can any of these be addressed by changes in current practices?

(c) What is limiting agricultural production? Could production be increased by better inputs of seeds, modern tools, or improved irrigation? Are there weaknesses in the transport and communications infrastructure? Do growers have access to current market information? Are prices set by the government or the free market natural forces?

(d) How do government actions and policies that affect the agricultural sector? Does the government impose price controls, subsidies, taxation or other distortions that negatively affect the agricultural income or production levels? Countries sometimes subsidize food as a component of a social safety net to protect the poor. In the U.S. the Food Stamp and School Breakfast and Lunch programs are examples. Export bans than prevent farmers from benefiting from high world food prices are another example. Are there unnecessary levels of bureaucracy?

(e) Are there any unique factors that affect agriculture or food security? One example of this may be the impact of HIV on the agricultural sector in sub-Saharan Africa, but other issues could include long term drought conditions, or locust attacks that affected the Sahel region of Africa in the late 1980's.

(4) Potential for Unintended Consequences. Questions would seek to identify the potential that operations in the sector might strengthen spoilers or disturb societal fault lines/divisions between ethnic or religious groups, social classes, or tribes/clans. Examples include:

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(a) Where there issues in the agriculture sector that contributed to the conflict or crisis? These may include land tenure issues, water or grazing rights, ethnic tensions or similar issues.

(b) What were the groups that benefited most from the pre-conflict status quo? How might they respond to proposed courses of action?

e. The assessment of the agriculture sector should include a description of how the local population responds to possible incentives and disincentives. Intelligence analysts with regional expertise can be helpful in predicting how the local population may respond to new incentive structures. A simplistic example is a that seeks to discourage farmers from growing opium or coca and transition to growing legal "alternative crops" that yield much lower returns. While government officials may understand the financial advantages of growing the elicit crop, they may not fully understand that there are other factors impacting on local growers - the threat of harm from the drug traffickers and possible resentment from "arbitrary" crop eradication methods. The result from an incomplete understanding of the local incentive structure may therefore not only fail to convince farmers to grow alternative crops, but eradication efforts may motivate farmers to seek help from the drug traffickers or join destabilizing activities.

6. Case Studies from US Agency for International Development "A Guide to Economic Growth in Post-Conflict Countries"

a. Jump-Starting Wartime Markets in Southern Sudan:

(1) A variety of programs successfully jump-started local market economies in southern Sudan during the waning years of conflict and in the post-conflict years. These initiatives helped re-establish the business capacities of farmers, traders, and transporters. Evolving during years of unusual and changing circumstances, these initiatives made it possible for currency to circulate and for trade goods to reach nearly all corners of southern Sudan.

(2) Historically, southern Sudan has been underdeveloped, has not had market traditions, and has used a barter system of exchange. Most southern Sudanese did not handle cash and had no access to markets. During the war years, in particular, markets were limited primarily to garrison towns. All goods arrived on military flights from Khartoum and were sold mainly to Sudanese government employees. Prices were greatly distorted and markets had few linkages with the surrounding countryside.

(3) When humanitarian NGOs began relief operations in the early 1990s, their workers were paid in soap and salt because cash held no value in rural areas. After the SPLA captured some of the major towns in Western Equatorial in the mid to late 1990s, things started to change. OFDA-funded NGO programs began to open up isolated areas and stimulate local economies. NGO recovery programs initially focused on barter and agriculture, airlifting basic consumer items (such as salt, soap, blankets, buckets, and bicycles) to major towns and then exchanging those items for seed and surplus grain grown by local farmers. The seeds and grain were subsequently sold to NGOs carrying out relief operations elsewhere in Southern Sudan. Over

time, barter exchanges gave way to cash transactions that helped establish the "right" price relationships. One USAID approach to developing cash markets involved selling U.S. emergency food-aid wheat in Uganda and using the Ugandan shilling proceeds to buy local grain in Southern Sudan. This program subsequently expanded into other market-supporting activities.

(4) In later years, locally initiated "peace committees" set up eight "peace markets" in greater Bahr el Ghazal. These markets enabled northerners and southerners to put aside their political and social differences and exchange consumer goods and livestock in relative security. The peace committees negotiated rules for the peace markets, such as a prohibition on weapons within designated market areas. The peace markets enjoyed several years of relative success in the years immediately preceding the Comprehensive Peace Agreement of December 2004, because each side perceived benefits from continued trade.

(5) Key lessons learned from the programs in Southern Sudan include:

(a) Revitalizing farmer cooperatives can increase the effectiveness of local grain purchases by helping amass grain from individual farmers, resulting in savings for purchasers and higher unit prices for farmers.

(b) Encouraging surplus food production is unsustainable without steady market demand, even when stimulated by NGOs during emergency and transition phases.

(c) Restarting markets requires simultaneous attention to improving roads that reduce transport costs, increase volumes, and lower prices.

b. Seed Vouchers and Seed Fairs: Often Better Than Direct Distribution

(1) Both seed fairs (local venues where farmers can buy or exchange local seeds directly with other farmers) and seed vouchers connect farmers who have seeds to barter or sell with those who need them. Seed sales increase the income of the sellers, who are usually farmers themselves and are often women. Experience shows that prices generally are within expected market ranges. Seed sales also can have a positive multiplier effect on the local economy. Unlike direct seed distribution to passive recipients, these alternative approaches empower farming households, providing them with opportunities to make their own choices.

Reporting on a visit to Afghanistan in 2009 by the Chairman of the Joint Chiefs of Staff, Time.com reported he was told, "The military is giving away free wheat seed to Afghan farmers, and that's undermining our efforts, said an expert whose USAID-supported program gave farmers vouchers to buy seeds, which was helping build a secondary market of seed- and farm-supply businesses."

(2) Knowledgeable farmers are able to distinguish among local seed varieties to obtain desired seed characteristics. These farmers are unlikely to plant newly introduced outside seed until they personally have grown it and gauged its performance. For this reason, farmers

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overwhelmingly prefer their own seed varieties, and will save them even in years of crisis, supplementing their supply through barter or purchase. In post-conflict settings, most seed is likely to come from these informal arrangements, which vary by crop and region. Except in cases of widespread or prolonged conflict, it is a mistake to assume that production failure necessarily equates to seed scarcity.

(3) Outside seeds distributed for post-conflict recovery often are unsuitable to local conditions and fail. The most effective—and hence, most helpful—seed-distribution systems supply seeds that farmers have problems acquiring. The best source of such seeds is through the extant farmer seed system itself.

(4) Recognizing that donor grant-distribution of seeds may undermine farmer seed systems and local markets, more and more international relief agencies and NGOs are experimenting with seed fairs, where farmers can buy or exchange local seeds directly with other farmers. These seed varieties are time-tested, adapted to local growing conditions, and well-known. Farmer reputation is the most critical guarantee of quality. Another recovery option is the use of vouchers distributed by sponsoring NGOs to targeted households. The households can "spend" the face value of their vouchers at participating retail outlets for the seeds of their choice (usually local-variety, farmer-saved seed) to jump-start the system.

(5) The use of local seeds requires a "seed security assessment" to ascertain:

(a) That seed-source households in the area have sufficient seeds (availability).

(b) That these seeds are safely stored and acceptable for the next growing season (quality).

(c) That the seed-source households are able to meet their own needs before selling or bartering their seeds (sustainability), and 4) that needy households have the means to buy or barter for seeds (access).

Equally important as the distribution of seeds is the technical expertise required to select the seed. Undertaking seed distribution without the requisite expertise may result in distributing seed unsuitable for the region and could actually turn the population against joint forces.

7. Suggested Monitoring Measures

a. Does the security environment restrict the free movement of people, goods and services related to agriculture and food security?

b. Do environmental causes of drought or lack of water, pest invasions, and infectious animal disease threaten food security?

c. Do land ownership issues inhibit crop or animal production or promote conflicts. Are there significant tracts of land lying fallow due to questions over ownership?

d. Cross References to Department of State Essential Task Matrix. Appendix B expands on the activities identified by the S/CRS Essential Tasks Matrix. The identification of specific military tasks that could potentially contribute to agriculture and food security must be negotiated with the lead US agency and coordinated with the US Embassy and Country Team. Emphasis should be given to anticipating how short-term efforts can be integrated into the overall USG strategy and longer term reforms and projects.

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Government Finance, Central Bank, Private Banking, And Financial Sector

CHAPTER IV

GOVERNMENT FINANCE, CENTRAL BANK, PRIVATE BANKING, AND FINANCIAL SECTOR

The Military Problem

How does a Joint Force Commander support normalization of public and private financial systems in support of mission objectives?

1. Scope

a. Normalizing the financial sector of a country following conflict involves working with three interrelated components:

(1) Government financial institutions, normally centered in a ministry of finance, able to establish and implement a national budget that balances central government expenditures, including payments to security forces and ex-combatants, with government revenues, foreign donor contributions, and government external borrowing. Securing revenue will be the main problem. Since mechanisms to collect taxes will usually be weak or nonexistent in a post-conflict economy, customs duties and royalties from the exploitation of natural resource will generally be the main revenue sources. A national budget that limits government deficits and creates a sustainable fiscal position will help restrain inflation and is a prerequisite for balance of payments support and reconstruction assistance from the International Monetary Fund (IMF) and the World Bank.

(2) Central bank or similar government institution that manages the country's money supply, controls credit, and supports the operations of domestic private banks. The central bank is responsible for formulating and implementing a country's monetary policy to ensure the stability of the national currency. It provides credibility and support to banks so they are viewed as trustworthy and can sometimes make payments for governments, acting as the government's bank.

b. Commercial banks that can provide individuals and businesses a safe means to store funds, make payments to others, and obtain loans for business and personal consumption.

c. The operation of the financial sector is highly specialized. Once damaged by conflict or crisis, recovery requires an integrated strategy that takes a comprehensive approach to restoring the sector. Normally, this is a function of civilian agencies, with international financial institutions (IFIs), such as the International Monetary Fund and the World Bank, and individual government donors generally taking the lead. Within the USG, this is a function of the Department of Treasury.

d. Any military roles must be taken within an understanding of USG objectives and strategic guidance. The Departments of Treasury and State engage with foreign governments, the IFIs,

and in multilateral fora to assess country conditions, develop policies, and objectives for countries. From the assessment in Chapter 1, Joint Forces should plan to support the specific objectives of the IFIs, the USG, and foreign donor agencies programs in the banking and finance sector, which may include:

- (1) Stabilizing the country's currency;
- (2) Securing sources of government revenue and establishing a national budget;
- (3) Establishing a system for domestic and international funds transfers;

(4) Facilitating the establishment and regulation of a private banking and financial system that meets the country's needs;

(5) Facilitating business credit at the community level; and

(6) Establishing and enforcing a body of regulatory and accounting standards that ensures the security of the financial system from fraud and mismanagement;

e. In addition to its role in establishing policy and strategic objectives, the Department of Treasury has a cadre of technical assistance advisors with specialized expertise who embed with host nation officials to implement the policies. USAID also has specialized expertise in banking and financial assistance. Immediate military support to USG efforts centers on coordination through the Joint Staff and OSD, using existing mechanisms. This coordination with other USG Departments, IFIs, other international governmental organizations and International Banks is to understand the country's system, provide security to a country's physical and human financial infrastructure, and conduct tactical fiscal operations in the country to minimize the impact of introducing joint forces and external currencies on both the financial sector and the economy at large.⁵⁷ In cases where hostilities preclude the operation of civilian donor agencies, U.S. military forces may also be needed to help restore financial operations directly, most likely at a community level.

2. Operational Relevance and Objectives

a. Banking and finance are the lifeblood of commerce. The speed at which the banking and financial sector are normalized directly impacts economic activity, employment, and may influence popular support for a government. The objectives related to the banking and finance sector include:

(1) Government financial leaders, institutions, assets, and records are physically secure.

(2) Secure banks and nonbank institutions are available to the population and businesses to provide basic financial services at the community level. This includes accepting deposits, making loans, providing a means to transfer funds within the country as well as internationally.

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⁵⁷ Economic Impact of Peacekeeping; Michael Carnahan, William Durch, Scott Gilmore March 2006

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(3) The government is effectively implementing a sustainable national budget and if applicable, holds the government deficit within agreed IMF and World Bank limits. The government is collecting revenue, making payments to government employees and pensioners, and has the capability to manage government finances.

(4) The national currency is stable in terms of both domestic inflation and international exchange rates.

(5) Commercial loans and other financial services are increasingly available at the community level, in secondary cities and rural areas, offsetting the need for foreign donor agencies to engage in making loans and grants.

(6) Hostile forces and criminal elements are effectively locked out of making illicit financial transfers through the banking system.

(7) Private banking and financial institutions are subject to government prudential regulation and audit but otherwise unconstrained to conduct financial activities both within the country and with institutions abroad without unwarranted government interference.

(8) Regulated electronic payments systems are emerging to supplement the cash economy.

3. Essential Tasks and Planning Considerations

a. Securing and Protecting Government Assets. In many countries, governments will have stockpiles of highly liquid assets, such as gold and stocks of foreign and domestic currency. Planners should anticipate operations to locate and seize the buildings and such assets to prevent theft or looting. Procedures should also be established for securing and inventorying stocks of currency, high-value commodities, and financial records.

b. Securing and Protecting Key Government Financial Infrastructure. Equally important as the physical structures identified as protected targets, are the people in leadership positions in the central and large private banks, the information technology (IT) hardware and software, including the software programmers and maintenance personnel. Often overlooked, IT and supporting telecommunications are the lifeblood of a banking system and early consideration of its safeguarding is important. The Department of Treasury and Federal Reserve, and sometimes large private commercial banks, may be able to provide a list of the critical facilities, assets and information that would have to be located and secured in order to make it possible for monetary authorities of a successor government or occupation authority to take effective control of the money supply and regulate the financial sector as quickly as possible. That list might include:

- (1) The system software developers
- (2) The internal accounting systems
- (3) The legal document systems

(4) The clearinghouse information systems

(5) The key nationals within the Host Nation (HN) central bank who are most knowledgeable about the workings of the systems

(6) The personnel of private foreign banks, foreign central banks, IMF, World Bank and other organizations that have extensive interactions with the personnel and information systems in the HN

(7) The personnel and computer systems of large commercial banks in the HN

(8) Key telecommunications facilities and systems

c. Providing Secure Logistical Support. To finance large-scale operations, Joint Forces should be prepared to provide logistical support to the movement of significant amounts of U.S. currency to the host country. During the U.S. occupation of Iraq, occupation authorities shipped \$12 billion of vested Iraqi funds weighing 237.3 tons to Iraq over a 12-month period to pay the salaries of Iraqi government officials and for reconstruction projects. If host government authorities introduce a new currency, it will typically be printed abroad and need to be transported to the country and distributed by as secure a means as possible. Joint Forces should be prepared to provide such logistical support. In Iraq, U.S. authorities carried out the exchange of old for new Iraqi dinars, with armed convoys delivering new Iraqi dinars to 243 banks across the country between October 2003 and January 2004.

d. Strategy. Supporting the stabilization of banking and the financial sector in many cases will require an agreed upon long term strategy and a high degree of coordination with the activities of non-US international organizations. While the United States is generally an important donor country, host government financial policies will be largely influenced by the IMF and the World Bank. The advice of these institutions has a major influence on a government's policies with respect to inflation, fiscal stability, financial sector regulation, and the country's ability to finance debt. IFI's are also a major source of assistance designed to strengthen a country's administrative and institutional capacity. For example, in the first 18 months after the 2003 invasion of Iraq, the IMF's Emergency Post-conflict Assistance (EPCA) program provided technical assistance and training to Iraqi officials in matters related to tax policy, budget preparation and execution, central banking, the creation of a treasury bill market, and collection of statistics. In concert with OSD and the Joint Staff, Joint Forces should maintain awareness of IMF and central bank plans so military activities do not interfere or conflict.

e. Basic financial management functions. The host nation must be able to perform certain basic financial management functions. The Joint Force must understand, support, and be prepared to initially conduct these functions:

(1) Government Revenue. The government must be able to collect revenue to operate. If a government's tax and customs administrations have collapsed, Joint Forces should be prepared to support the government in receiving and accounting for revenue. Even if funds for

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government operations initially come from donors, the government's fiscal stability is ultimately based on taxes, duties, and royalties from HN resources collected by the government. Customs duties on imports and royalties on natural resource exports are frequently the main sources of revenue. Collection of these duties and royalties in turn requires secure borders, including seaports and airports, and the participation of civilian agencies that can help the country's authorities build their capability to collect customs duties and other taxes. The Department of Treasury, USAID, and the Department of Homeland Security Customs and Border Patrol (CBP) and Immigration and Customs Enforcement (ICE) can provide this kind of technical assistance.

(2) Government budget. A government's legitimacy with the population will depend on its ability to operate and deliver goods and essential services. One of the top economic challenges to a post-conflict government is to formulate a national budget that funds essential government services without generating a deficit that triggers inflation. The World Bank, USAID, and other foreign government development agencies provide technical advice and support to governments in the establishment of a national budget. Joint Forces can support such efforts to share their assessments of public facilities and services with host country authorities and donors, and participate in prioritization of public investment needs. This prioritization of budgetary requirements could include requirements of the HN security forces, any DDR or similar programs involving the security sector, and infrastructure that is critical to maintaining security. If the situation assessment requires, Joint Forces should be prepared to support HN government procedures for program prioritization, budget expenditures, and manage payments to HN security forces, former combatants, government employees, pensioners, social services, etc.

(3) Government payments mechanisms and revenue disbursement. The government must be able to disburse pensions and other social safety net pensions. If electronic mechanisms do not exist, cash transactions will be required and may need joint force support.

f. Banks. There may have been a pre-conflict run on banks and local banks may be closed, insolvent or simply not trusted. The effects and implications of this are:

(1) Local currency may not be available and joint forces may have to bring currency for payment to locals for services.

(2) Joint forces may be requested to provide logistics or security support to the Central Bank or similar entity that is responsible for issuing currency, chartering banks, insuring deposits, facilitating the availability of credit, and general controlling the availability of credit and the country's money supply.

(3) Support to banking must include an understanding of legacy banking systems and associated property rights. The Department of Treasury Regional desk officer and Office of Technical Assistance usually have established long standing relationships and knowledge of legacy systems.

(4) The best anti-corruption practice is auditing. The Departments of Treasury and State, the Financial Services Volunteer Corps, and USAID can sponsor the U.S. Federal Deposit Insurance Corporation and other organizations to provide technical assistance in bank auditing.

(5) Informal banking systems used for money transfer and the delivery of remittances may be the only system in place. In many developing or traditional economies, small informal money and foreign exchange dealers, such as hawalas or black market peso exchanges, meet the financial service needs of communities, instead of formal banks. They transfer remittances from migrant workers and exchange currency. Joint Forces should generally avoid interfering with hawalas and other informal financial institutions and try to legitimize, rather than drive out of business, small foreign exchange dealers. Due to the highly competitive nature of small markets, they may provide such services to the community at lower cost and employ a larger number of people than formal financial institutions. However, because informal systems don't have formal records of transactions, they may be used for illicit funds transfers, including criminal and terrorist networks. However, in light of their importance to communities, joint forces should give first priority to providing ways to legitimize the informal systems by supporting limited host government regulation, rather than prohibit them and rely on law enforcement and other security mechanisms to combat illicit transfers.

(6) An informal and many times criminal economy may be present in a post-conflict environment. Joint Forces should plan to share information, intelligence, establish structures, and build capabilities to exploit and counter illicit financial networks. The Department of Treasury Office of Terrorism and Financial Intelligence is the primary USG partner with this type expertise, and their participation should be solicited in establishing a Counter Threat Finance organization. The effectiveness of these efforts increases if the host government is a viable partner.

(7) In situations when security conditions limit commercial loans or donor grant/loan activity for small business, joint forces may fill the financing gap with direct micro-grants and facilitating microfinance. Although there may be few banks willing to provide loans, there are many microfinance institutions willing to provide capital to small businesses and numerous

What is Microfinance?

Microfinance is the extension of very small business loans (without requiring collateral) to persons who are unemployed or impoverished. The concept is based on the highly successful Grameen Bank Project (from the Bengali word for "village") in the mid 1970s which initially made loans averaging \$27 to 42 families so they could produce small items without the burden of predatory financing. In its present-day form, microfinance is typically provided by local community banks or similar institutions set up by donor development agencies. These local institutions make small loans in amounts up to several thousand dollars to develop small businesses, frequently operated by women, in rural areas of developing countries. By basing the promise of repayment on personal and family honor rather than formal collateral, Grameen-style banking generally has high rates of repayment and generates business activity in areas where commercial banks are unwilling or unable to operate. Given their widespread acceptance as a development tool, USAID and other foreign donor agencies may consider establishing microfinance initiatives to stimulate economic growth, taking care to separate microfinance initiatives from grant programs which develop small businesses. Donor agencies recognize that microfinance initiatives are not a substitute for reconstituting a country's core banking capacity and these initiatives should supplement a much broader financial sector assistance program.

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charitable groups and websites who link investors to poor borrowers. Successful micro finance operations require attributes that are not well suited to military forces. They require constant and sustained contact with borrowers. They also require substantial technical assistance to the providers. Joint Forces may become a facilitator between the population and institutions which can provide micro-finance by establishing financial service technology centers. USAID has extensive experience in microfinance and should be the first source to assist and provide additional planning considerations. The World Bank has also done extensive research on microfinance.

g. Small and Medium Enterprises (SMEs). Microfinance has proven very effective and helps individuals. However, it does not have the larger and more economically stimulating effects as financing to SMEs. Joint forces should support the Department of Treasury and USAID, who work with banks to do credit analysis of borrowers and provide high risk lending.

h. Stable Currency, Inflation and Minimizing the Impact of Military Spending on the Local Economy. A stable and growing economy requires low inflation and keeping people's purchasing power stable. Conflict, large budgetary deficits, lack of public confidence in the government, and other factors may add to inflation, causing residents to flee the national currency and convert their funds to dollars, Euros, or other currencies. The mere presence of the Joint Force will also directly and immediately affect the local economy. Without careful planning this joint force increase on demand may increase inflationary pressure. To maximize the positive effect on the economy, forces should purchase goods and services on the local economy, provided that purchases do not create local shortages that hurt the local population. If necessary, facilitate supplement of local population supply through foreign assistance. To minimize the effect on inflation, joint forces should make all payments for goods and services in the local currency, pay wages for local services at an appropriate wage-rate, and ensure prices paid for local goods are not inflated. When present, the United Nations can research local conditions and recommend an appropriate wage rate for use by all donors. Although more convenient to use dollars, using the local currency helps put useable cash in the hands of the populace, stimulates the economy, and demonstrates confidence in the country's government. It is a concrete action reinforcing the strategic message that joint forces are engaged with the populace and avoids aggravating any local tensions between the "haves"-persons with access to U.S. dollar-denominated payments-and "have-nots." Finally, joint forces should use and encourage electronic payment systems going directly to the individual (to the extent feasible), to discourage embezzlement and corruption.

4. Key Interagency Partners and Coordination Processes

a. The U.S. Embassy "Country Team." The U.S. embassy should be the primary conduit for planning and coordination. It will generally have at least one economic officer, representatives of USAID and possibly from the Departments of Commerce, Treasury, Agriculture and others. These officials will be the best positioned to advise the joint force on the current situation as well as programs already sponsored by the host government, the USG and other donors. All these offices receive support from their respective Washington based headquarters as described below.

b. U.S. Agency for International Development (USAID). Numerous offices support the Country Team including the Democracy Conflict and Humanitarian Assistance (DCHA) Office of Transition Initiatives (OTI), and several offices within the Economic Growth Agriculture and Trade (EGAT) bureau. USAID has experience providing development assistance in fiscal infrastructure, monetary policy, central and commercial banking.

c. U.S. Treasury Department. Two offices within Treasury lead parts of the effort:

(1) For the Under Secretary for International Affairs, the Office of Regional/Country Affairs represents the USG in International Financial Institutions, provides Treasury attaches who work locally with foreign governments, IFIs to develop policy, and the Office of Technical Assistance provides the cadre of technical advisors who deploy to the ministry of finance and central bank.

(2) For the Under Secretary for Terrorism and Financial Intelligence, the Office of Foreign Asset Control and the Office of Terrorist Financing and Financial Crimes work with the country and international community to combat money laundering and other financial crimes. They administer and enforce economic and trade sanctions against specific foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats.

d. World Bank Group (including the International Financial Corporation) offers funding under various program categories. These include Conflict Prevention and Reconstruction (the Post-Conflict Fund), the Infrastructure Development Program, and the Low Income Countries under Stress Program. The World Bank also provides loans and grants to the UN, national governments, or local nongovernmental organizations which can support microfinance projects and funding for restoration of lives and livelihoods in a postwar environment. Joint Forces should engage the World Bank through the Country Team, OSD, the Joint Staff and Treasury Department.

e. Commercial Banks. Based on historical ties with the HN, large international commercial banks may have operations in developing countries, or desire to quickly establish/restart them. They may be sources of valuable information and are best approached through the Country Team.

5. How to Conduct a Financial Sector Assessment

a. The general assessment from Chapter 1 is generally all that is required, however, ensure the assessments from the DOT, DOS, IMF, and World Bank are available. From these understand:

(1) The previous and ongoing IMF, World Bank, and regional development bank programs that support reconstituting the financial sector.

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(2) Programs by foreign donor countries and NGOs attempting to reconstitute the country financial sector, restore commercial banking activity, and expand the availability of credit to business.

(3) The availability of business credit to small and medium enterprises.

b. If available, indentify:

(1) Local and regional governments that cannot purchase goods and services, pay salaries, or engage in other public sector financial operations due to hostile or uncertain conditions.

(2) Areas and regions where commercial credit to small and medium enterprises is not available because banks and other lenders cannot operate due to hostile or uncertain conditions.

6. Implementation Monitoring Measures

a. An attack on senior government or prominent commercial financial personnel, financial institutions, records, communications, information technology systems, or assets.

b. Insolvency or a run on a major bank.

c. Criminal money laundering or financial transfers that support hostile forces or terrorist organizations.

d. Changes in the inflow of remittances from the country's expatriate community, and the reason.

7. Cross References to S/CRS Essential Task Matrix

Appendix D expands on the activities identified by the S/CRS Essential Task Matrix. The identification of specific tasks that could potentially contribute to banking and finance should be negotiated with the lead US agency and coordinated with the US Embassy and Country Team. Emphasis should be given to anticipating how short-term efforts can be integrated into the overall USG strategy and longer term reforms and projects.

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APPENDIX A

DEPARTMENT OF STATE ECONOMIC ENGAGEMENT MATRIX

| Economic Indicators | Year | Units | Value |
|------------------------|-----------|------------------|-------|
| GDP per capita | 2007 | nominal \$ | |
| Nominal GDP | 2007 | \$ mil. | |
| Global GDP Rank | 2007 | global | |
| Regional GDP | 2007 | within region | |
| Rank | | | |
| Real GDP | 2007 | 2000\$ mil. | |
| Real GDP Growth | 2007 | % | |
| Real GDP Avg. | 1997-2007 | % | |
| Growth | | | |
| Inflation | 2007 | % | |
| Avg. Inflation | 1997-2007 | % | |
| Population* | 2007 | thousand persons | |

| Engagement | Year | Units | Value |
|------------------------------|---------------|-------------|-------|
| FTAs | as of 10/2008 | | |
| TIFAs | as of 10/2008 | | |
| Investment | as of 10/2008 | | |
| Treaties | | | |
| Air Service | as of 10/2008 | | |
| Agreements | | | |
| Other Agreements | as of 10/2008 | | |
| Investment | as of 10/2008 | # - Profile | |
| Disputes | | | |
| GSP & Preferences | as of 10/2008 | | |
| GSP % Total | 2007 | % | |
| Exports | | | |
| Special 301 | as of 10/2008 | | |
| WTO | as of 10/2008 | | |
| OECD | as of 10/2008 | | |

| Sector Indicators | Year | Units | Value |
|-------------------|------|-------|-------|
| Agriculture % | 2007 | % | |
| GDP | | | |
| Service % GDP | 2007 | % | |
| Industry % GDP | 2007 | % | |
| Exports % GDP | 2007 | % | |
| Imports % GDP | 2007 | % | |

Appendix A

| Development Aid | Year | Units | Value |
|-------------------------|-----------|-------------|-------|
| US ODA | 2006 | \$ mil. | |
| World ODA | 2006 | \$ mil. | |
| US ODA % | 2006 | % | |
| World ODA | | | |
| Total Assistance | FY2009 | \$ mil. | |
| Req | | | |
| Econ Support | FY2009 | \$ mil. | |
| Funds Req | | | |
| TCB Activities | 2007 | \$ thou. | |
| TDA Projects | 2003-2007 | \$ thou [#] | |

| Trade and Investment | Year | Units | Value |
|-------------------------|--------|----------|-------|
| Exports to US | 2007 | \$ mil. | |
| Imports from US | 2007 | \$ mil. | |
| Trade Balance | 2007 | \$ mil. | |
| w/US | | | |
| US Trade (X+M) | 2007 | \$ mil. | |
| World Trade | 2007 | \$ mil. | |
| (X+M) | | | |
| US FDI Stock | 2006 | \$ mil. | |
| Net FDI Inflows | 2006 | \$ mil. | |
| from US | | | |
| Net FDI Inflows | 2006 | \$ mil. | |
| from World | | | |
| Ex-Im Bank | FY2007 | \$ thou. | |
| Exposure | | | |
| OPIC Exposure | 2007 | \$ mil. | |

| Development Indicators | Year | Units | Value |
|------------------------------|---------------|-------------------------|-------|
| Anti-Corruption Agreement | as of 10/2008 | | |
| TI Corruption Index | 2008 | 1=Corrupt, 10=Clean | |
| Heritage Econ Frdm | 2008 | Rank [Freedom %] | |
| Gini Income Inequality | 1999-2004 | 0=Equal, 100=Unequal | |
| Population < \$1/Day | 1999-2004 | % of pop. | |
| Doing Business Rank | 2008 | 1=Best | |

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Department of State Economic Engagement Matrix

| Adult Literacy | 2007 | % of pop. | |
|-----------------|------|--------------------|--|
| Womens Literacy | 2007 | % of pop. | |
| GTIP Rank | 2007 | Tier 1-3 (3 Worst) | |
| INCSR Drug | 2007 | | |
| Trafficking | 2007 | | |

| Finance Indicators | Year | Units | Value |
|-----------------------|---------------|---------|-------|
| USG Debt | as of 10/2008 | year | |
| Treatment | | | |
| USG Debt | as of 10/2008 | \$ mil. | |
| Forgiveness | | | |
| Current IMF | as of 10/2008 | | |
| Program | | | |
| FX Reserves | 2007 | \$ mil. | |
| Money | as of 10/2008 | | |
| Laundering | | | |
| Status | | | |
| External Debt | 2007 | \$ mil. | |
| Stock | | | |
| External Debt % | 2007 | % | |
| GDP | | | |
| Fiscal Balance % | 2007 | % | |
| GDP | | | |
| Market Cap | as of 10/2008 | \$ bil. | |

| Millennium Challenge | Year | Units | Value |
|-------------------------|------|--------------------|-------|
| (MCC) Status | 2008 | index (percentile) | |
| (MCC) Political | 2008 | index (percentile) | |
| Rights | | | |
| (MCC) Civil | 2008 | index (percentile) | |
| Liberties | | | |
| (MCC) Voice and | 2008 | index (percentile) | |
| Account. | | | |
| (MCC) Govt | 2008 | index (percentile) | |
| Effectiveness | | | |
| (MCC) Rule of | 2008 | index (percentile) | |
| Law | | | |
| (MCC) Control of | 2008 | index (percentile) | |
| Corruption | | | |
| (MCC) Girls | 2008 | index (percentile) | |
| Primary Compl. | | | |
| (MCC) Education | 2008 | index (percentile) | |
| Expend. | | | |

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Appendix A

| (MCC) Health | 2008 | index (percentile) | |
|----------------------|------|--------------------|--|
| Expenditures | | | |
| (MCC) | 2008 | index (percentile) | |
| Immunization | | | |
| rate | | | |
| (MCC) Inflation | 2008 | index (percentile) | |
| (MCC) Fiscal | 2008 | index (percentile) | |
| Policy | | | |
| (MCC) Trade | 2008 | index (percentile) | |
| Policy | | | |
| (MCC) | 2008 | index (percentile) | |
| Regulatory | | | |
| Quality | | | |
| (MCC) Business | 2008 | index (percentile) | |
| Start Up | | | |
| (MCC) Land | 2008 | index (percentile) | |
| Rights Access | | | |
| (MCC) Ntrl | 2008 | index (percentile) | |
| Resource | | | |
| Mngmnt | | | |

| Telecommunications | Year | Units | Value |
|-----------------------------|---------------|--------------|-------|
| Telecom ITR | as of 10/2008 | year | |
| WRC | as of 10/2008 | year | |
| Cellular Penetration | 2007 | per 100 pop. | |
| Internet Penetration | 2007 | per 100 pop. | |

| Energy Indicators | Year | Units | Value |
|--------------------------|---------------|---------------------|-------|
| Oil Consumption | 2006 | thou. barrels / day | |
| Oil Production | 2006 | thou. barrels / day | |
| Energy Intensity | 2005 | BTU / rGDP 2000 | |
| Energy Member | as of 10/2008 | IEA/OPEC | |

| Government Finances | Year | Units | Value |
|------------------------|------|-------|-------|
| Current Revenue | 2006 | % GDP | |
| Budget balance | 2006 | % GDP | |
| Överall | 2005 | % GDP | |
| Surplus/Deficit | | | |

| Employment | Year | Units | Value |
|----------------------|------|-----------|-------|
| Size of workforce | 2007 | Millions | |
| Employment by | 2007 | List by % | |

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Department of State Economic Engagement Matrix

| sector | | | |
|----------------------|------|----------|--|
| Unemployment | 2007 | % | |
| IDPs | 2007 | Millions | |
| Refugees | 2007 | Millions | |
| Ex-Combatants | 2007 | Millions | |
| In State Owned | 2007 | Millions | |
| Enterprises | | | |

| Defense Indicators | Year | Units | Value |
|-----------------------|------|----------|-------|
| Defense Spending | | % GDP | |
| Defense Spending | | % Budget | |
| Spending per | | \$ | |
| capita/per | | | |
| member | | | |
| Arms | | Items/\$ | |
| Exports/Imports | | | |

| Miscellaneous | Year | Units | Value |
|---------------|------|-------|-------|
| Remittances | | % GDP | |
| | | | |
| | | | |
| | | | |

| Demographics | Year | Units | Value |
|------------------|------|---------------|-------|
| Population | 2007 | thou. persons | |
| Ethnic Groups | 2007 | List by % | |
| Religions | 2007 | List by % | |
| Regional | 2007 | % | |
| Distrobution | | | |
| Infant Mortality | 2007 | per 1,000 | |
| Mortality rate | 2007 | per 1,000 | |
| Literacy | 2007 | % | |

| Econ Infrastructure | Year | Units | Value |
|--------------------------|------|-------|-------|
| Electricity Water | | | |
| Rail & Road Airport & | | | |
| Seaport | | | |

Appendix A

| Natural Resources | Year | Units | Value |
|----------------------|------|-------|-------|
| | | | |
| | | | |
| | | | |

| Geographic | Year | Units | Value |
|------------|------|-------|-------|
| | | | - |
| | | | |
| | | | |
| | | | |

APPENDIX B

RECONSTRUCTION AND STABILIZATION ESSENTIAL TASKS - ECONOMIC STABILIZATION AND INFRASTRUCTURE

1. Goal: Respond to immediate needs and establish foundation for development

a. Economic Stabilization - Employment Generation

| | Task | USG D/A | IGO | NGO | Pvt Sec | Specify Actor(s)/Remarks |
|-----------------------------|--|---------------|-----|-----|-----------------------------------|---|
| DoD Funding | Request flexible and immediate funding for work initiatives and grants; Contingency Contracting Funding | DOD | | - | | Request flexible and immediate Contingency Contract Funding (similar to Afghan & Iraq CERP) |
| Freedom of | Ensure freedom of movement | DOD | | | | |
| Movement (From SECURITY) | | DOD | | | | The essential ingredient |
| | | | | | | |
| | Dismantle roadblocks and establish checkpoints | DOD | | | | See TRADE - Review tariffs, tax structures and impediments to trade |
| | Regulate air and overland movement | DOD DHS | | | | DHS (CBP & ICE) can provide technical assistance in customs, border control, immigration, etc |
| Public Works Jobs | Design and implement labor- intensive quick impact initiatives to provide immediate employment, soliciting projects ideas from local communities | DOD, USAID | WB | Х | Intl Chamber of Commerce | USAID Country Mission supported by Washington offices DCHA (OFDA/OTI/CMM), EGAT and others. Determine if employment or completing the project is more important and use labor intensive methods when possible. |

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| | Rationalize public works projects with long-term development | | | | | Facilitate local organization. Use CMOC or similar environment. |
|--|---|---------------|--------------------------------------|---|---|--|
| | program | USAID | Х | Х | Х | Request USAID assistance (embedded planner if available) in planning for a Community Based approach program |
| | Establish temporary employment centers | USAID DOL | UNDP | Х | | Partner with local government or leaders. Facilitate the venue and interaction. |
| | Create opportunities for young males, including food for work | USAID, DOL | WFP | Х | Х | USAID, Depts. of Labor (ILA/OTLA), Commerce, Agriculture. |
| | Create opportunities for women and children | Х | | Х | | USAID, Dept of Labor (ILA/OTLA) |
| | Create Sports facilities and environments | Х | | Х | | USAID |
| Reintegration of Combatants (From SECURITY) | Obtain (or request support to design) reintegration strategy, including absorptive capacity of economic and social sectors | USAID | UN will usually lead DDR | | | Resources and tools available at www.unddr.org |
| | Coordinate DDR plans with overall political and economic recovery plans | DOD, USAID | UN | Х | | |
| | Provide jobs, pensions or other material support for demobilized forces | USAID | UN | Х | | |
| | Reintegrate ex-combatants into society | USAID | UN | Х | | |
| | Provide job training, health screening, education, and employment assistance for | USAID | UN | X | | Ensure vocational options are viable. Provide options other than agriculture, basket weaving, etc. |

Reconstruction And Stabilization Essential Tasks

| | demobilized forces | | | | consistent with local conditions. Caution: Seek legal advice on funding for employment of paramilitary forces, which may be designed as terrorist movements. |
|--|--|--------------|----|---|---|
| | Employ ex-combatants alongside others to rebuild community infrastructure. | USAID | UN | Х | |
| Micro and Small Enterprise Stimulation | Assess skills deficiencies | USAID | | | An implied task of country team coordination or may require surveys as part of Tactical Conflict Assessment |
| | Assess market opportunities for particular skills | USAID | | | |
| | Create opportunities for vocational educations | USAID DOL | | | |
| Skills Training and Counseling | Assess and determine immediately employable labor force for appropriate critical and emergency needs | USAID | | | An implied task of country team coordination or may require surveys as part of Tactical Conflict Assessment |
| b. Market Ec | Organize and mobilize local and foreign assistance necessary to initiate training and development of vital skills | USAID | | | Task to CMOC or similar coordination mechanism |

b. Market Economy

| | Task | USG D/A | IGO | NGO | Pvt Sec | Specify Actor(s)/Remarks |
|----------------|---------------------------------|---------|-----|-----|---------|--------------------------|
| Private Sector | Assess the depth of the private | | - | | | - |
| Development | sector, including weakness of | | | | | |
| (See Legal & | the goods and service sector | | | | | |
| Regulatory | and its distribution channels | | | | | |
| Reform, | Identify and remove/mitigate | | | | | Use World Bank "Doing |

Appendix B

| sec gra ent me En int | mp start small-scale private ctor entrepreneurs through ants and loans to micro- trepreneurs and small and edium enterprises (SMEs) noourage investment by ternational actors, including | | | | | |
|--------------------------------------|--|-------------------|----|---|---|---|
| int | | | | | | |
| | asporas communities | USAID DOC OPIC | WB | х | Х | OPIC provides support for the creation of privately-owned and managed investment funds which invest in new, expanding or privatizing companies. Treasury/Commerce can facilitate visits that establish banking correspondent relations that would deepen commercial relationships between host nation and international businesses. |
| res mo ma En to | nsure no unfair or unusual strictions on entry into (i.e., onopoly) and exit from arket (i.e., bankruptcy law) nsure non-preferential access markets rengthen private sector | | | | | Use host country contractors |

Reconstruction And Stabilization Essential Tasks

| | through contracting/out- sourcing | | | using local employees |
|-------------------------------------|--|-------------------|----|---|
| | Assess and make recommendations for improvements in condition of power, transport, and telecommunication sectors | | | |
| | Provide investors with legal protections and incentives | USAID DOC | | Part of Commercial Law Development Program |
| | Establish a business environment for long-term growth | | | Security is the essential ingredient |
| | Offer risk protection to facilitate sustained investment | OPIC | | OPIC provides political risk insurance and supports investment funds. |
| | Promote business growth through regulatory streamlining and sound tax policy | USAID | | |
| | Facilitate the grown of the real sector through development of business associations, think tanks, etc. | USAID DOC | | Facilitate and encourage partnerships of cities, States, Trade Associations, Chambers of Commerce, etc. by providing facilitates, logistics, communications, etc |
| | Develop a business strategy/plan for a diversified economy | Treasury USAID | | |
| Bank Lending (From FINANCIAL) | Provide immediate credit including access to micro and SME lending | USAID | WB | |
| | Develop on-going credit programs including access to micro and SME lending | USAID | WB | |

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| Trade From TRADE | Review tariffs, tax structures and impediments to trade | USAID DOC Treasury | | US Trade Representative provides trade policy |
|--|---|--------------------------|----|--|
| Small and Micro- enterprise Regime | Identify constraints to small business development and take steps to remove them where possible in the short-term (i.e., lack of credit, onerous taxes) Develop strategy for removing obstacles to small business | | WB | Use World Bank "Doing Business" indicators and popular reforms as guide |
| | development and implement the strategy Assess need for assistance program for small development programs - (technical and financial) | | | |
| | Support development of business associations | USAID DOC | | |
| | Design and draft legal framework for small business development | USAID DOC | | USAID and Commerce Department Commercial Law Development Program. |
| | Help identify funding sources and implement priority projects | USAID DOC | | |
| | Working with IFC and other institutions, explore option to develop micro-enterprise/micro credit entity | USAIDTreasury | WB | |
| Privatization | Assess impact of State Owned Enterprises (SOE) on fiscal balance to determine whether fiscal drain or resource loss from unproductive firms can be offset through some type of | DOD, DOC, USAID | WB | Understand and provide input to USG policy. Lessons learned recommend operating SOEs as a major source of employment, and developing a long term transition plan to |

Reconstruction And Stabilization Essential Tasks

| | privatization | privatization. |
|---------------|---------------------------------|----------------|
| Natural | Assess and secure access to | |
| Resources and | valuable natural resources | |
| Environment | Initiate process for addressing | |
| | and resolving resource | |
| | ownership and access issues | |
| | Conduct national | |
| | environmental survey | |

APPENDIX C

ESSENTIAL TASK MATRIX

1. The following matrices expand on the activities identified by the S/CRS Essential Task Matrix. The identification of specific tasks that could potentially contribute to banking and finance should be negotiated with the lead US agency and coordinated with the US Embassy and Country Team. Emphasis should be given to anticipating how short-term efforts can be integrated into the overall USG strategy and longer-term reforms and projects.

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|--|---|--------------------------------|-----|--------|--|
| Review Strategic Objectives | Review Economic Assessment and Strategic Objectives | State Treas USAID DOD | UN | | Include IOs and private sector if possible |
| Review Existing Programs | Coordinate with U.S. Country Team to review existing programs from Mission Strategic Plan and USAID Country Assistance Strategy | State Treas USAID DOD | UN | | |
| Private Institutions and Key Leaders | Protect key political and societal leaders | DOD | | | Include key government and private sector personnel involved in information technology in both government and major commercial banking and finance (Chief Information Officers) |
| | Protect government economic institutions | DOD | | | Includes financial institutions |
| | Protect and secure critical infrastructure, natural resources, civil registries, property ownership documents | DOD | | | Include government and private information technology systems for banking and finance |
| Critical Facilities | Secure records, storage, | DOD | | | Include government and private |

equipment and funds related to banking and finance

information technology systems for banking and finance

b. Monetary policy.

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|----------------------------|---|--|-----------------------------------|------------------------------------|---|
| Central Bank Operations | Initiate immediate capacity in Central Bank to conduct essential operations such as:* Make domestic payments and settlements and int'l payments* Issue new currency* Prepare balance sheet* Issue letters of credit * Reconcile and report on Treasury accounts* Stabilize currency through devaluation, reduce volume of money in circulation, etc* Cooperate with IMF, World Bank, other regional and donor central banks* Review/prepare bank licensing regulations; * Strengthen bank prudential and supervisory oversight. (See Banking Sector); (Control and supervise commercial banking) | Treasury;FR B;USAID;D OD Support | IMFWorl d Bank | Major intl commerci al banks | Assessment of central bank operations and its capacity to implement monetary policy should be available from general economic assessment completed in Chapter 1.IMF and World Bank normally lead initial assessments and coordinate short term priorities with the host nation. The country team, State, USAID, Treasury, FRB and State (with other donors) provide additional technical assistance beyond the IMF and World Bank. Joint Forces support civilian efforts with security and logistics. Also conduct operations with awareness of civilian plans. Whole of government planning should identify any requirements for DOD providing special expertise, essential equipment (office equipment, computers, etc), physical rehabilitation, refurbish essential facilities, etc |
| | * Determine skill capacity of key central bank individuals, and if necessary facilitate return of Diaspora | Treasury FRB USAID | IMF World Bank UN IOM | Multinatl Technolog y Corp | A civilian agency, host nation, private sector function. USG agencies can provide technical assistance. For example - 2006 Hewlett Packard (HP) and UN Educational, Scientific and Cultural Organization (UNESCO) |

Essential Task Matrix

| | | | | project "Piloting Solutions for Reversing Brain Drain into Brain Gain for Africa" |
|---|--|--------------------------------------|----------------------|---|
| Monetary Audit | Conduct central bank audit | Treasury FRB USAID | IMF World Bank | Longer term civilian action |
| Macro-Policy and Exchange Rates (See Fiscal Policy and Governance) | Develop/implement basic monetary policy and stabilize prices and manage inflation (i.e., set up currency auction) | Treasury FRB USAID | IMF World Bank | Capability assessment and priorities should be available from general economic assessment in Chap 1 Civilian agency function |
| | Develop credible exchange rate policy, review currency status and take needed steps to ensure credibility (i.e., prepare for new currency if needed) | Treasury FRB | IMF World Bank | Longer term civilian action |
| | Introduce national currency if needed | Treasury FRB DOD Support | IMF World Bank | DOD support with security, logistics, distribution, etc |
| | Develop policy instruments to manage monetary policy consistent with macro- economic programs (e.g., T- Bills, currency auctions) | Treasury | IMFWorl d Bank | Longer term civilian action |
| | Address issues of parallel exchange rates and black market rates if exchange rate distortions exist | Treasury; FRB DOD Support | IMF World Bank | DOD support with information and intelligence sharing |
| Monetary Statistics | Survey statistical capabilities within the Central Bank and other key Ministries to ensure basic monetary, fiscal, and other economic data are | Treasury Commerce FRB USAID | | * Longer term civilian action DOC (BEA) can facilitate visits and dialogue with the U.S. Bureau of Census, the Bureau of Labor Statistics, and the Economics and Statistics |

available and collect key statistics

Administration.

c. Fiscal Policy and Governance.

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|---|---|---------------------------|----------------------|--------|---|
| Fiscal and Macro- Economic Policy (See Macro Policy and Exchange Rates) | Assess immediate fiscal balance and financing gap and take steps to close fiscal gap | Treasury USAID; DOD | IMF World Bank | | Assessment and priorities should be available from general economic assessment completed in Chapter 1. Initial action is to start the dialogue to rationalize spending and increase revenue. |
| Treasury Operations | Reestablish government payment mechanisms to pay recurrent and emergency expenditures | Treasury USAID; DOD | | | In hostile and uncertain environments, DOD should be prepared to support and build host nation capacity in disbursing monies for immediate needs of salary, essential services, etc |
| | Establish simple and reliable capacity to process payments, and to record and report payments | Treasury USAID DOD | | | In hostile and uncertain environments, DOD should be prepared to support and build host nation capacity in establishing payment system |
| | Identify capacity to absorb and administer grants and foreign funds | Treasury USAID | | | An estimate of the country's absorptive capacity should be available from general economic assessment. |
| | Initiate simple and reliable system to manage grants and | Treasury USAID DOD | | | In hostile and uncertain environments, DOD should be prepared to support and |

Essential Task Matrix

| | - | | |
|-----------------------------|---|---------------------------------|---|
| | foreign assistance | | build host nation capacity in receiving, accounting and administering donor grants |
| Budget | * Develop budget * Rationalize revenues and expenditures and establish priorities * Develop and implement a budgetary process, including input from line ministries | Treasury USAID DOC DOD | In hostile and uncertain environments, DOD should be prepared to support and build host nation capacity in budget preparation and execution, especially at the community level. In all environments and if civilian agencies are present to lead, DOD should participate and assist in prioritizing defense and security requirements. * DOC (BEA) can advise on national accounting standards |
| Public Sector Investment | * Prioritize public investment needs* Develop a plan to allocate resources* Pay civil service arrears* Determine structure and affordable size of civil service to meet ongoing and future needs* Strengthen ethics regulations | StateUSAIDDOD | In hostile and uncertain environments, DOD should be prepared to assist and build host nation capacity in identifying and prioritizing public investment needs, including organizational reform/improving civil service |
| | * Invest in critical projects neglected by the private sector (i.e., large-scale investment in education, health | USAID DOD | * In all environments, DOD should be prepared to assist and build host nation capacity in identifing the condition of critical infrastructure and |

Appendix C

| | care, electricity, mining, oil, and public transportation) | | | essential services, and be prepared to repair/reconstruct critical elements. * Whole of government planning should identify any requirements for DOD providing special expertise, essential equipment (office equipment, computers, etc), physical rehabilitation, refurbish essential facilities, etc |
|--|---|--------------------------|----------------------|---|
| | * Select and train indigenous civil servants * Consider private- public investment partnerships | | | |
| Contracting and Procurement | * Establish transparent and reliable procurement system * Train line Ministries in procedures | USAID CLDP DOD | | In all environments, DOD should be prepared to conduct transparent contracting; and support and build capacity in host nation to contract openly within a sound legal framework. |
| Revenue Generation, Tax Administration | * Identify tax structure and sources of revenue * Design an efficient tax structure with a clear collection policy * Manage public accounts | Treasury USAID DOD | IMF World Bank | In hostile and uncertain environments, DOD should be prepared to assist and build host nation capacity in identifying tax sources, collecting taxes, fees, royalties, etc and managing those public accounts. |
| Border and | Establish border | DOD | | |

| Boundary Control (FROM SECURITY) | security, including customs regime to prevent arms smuggling, interdict contraband (i.e., drugs and natural resources), prevent trafficking of persons, regulate immigration and emigration, and establish control over | DHS Treasury DOC | | |
|--|---|---------------------------------|-------------------------------------|--|
| Customs Reform, Enforcement (See Trade, Trade Structure) | * Assess customs revenues and efficiencies and weaknesses of customs service* Identify immediate physical and capacity barriers to import administration* Take steps to open borders in a way that reduces incentives for corruption* Review and make recommendations on tariffs | TreasuryUSAIDDOCDHSDOD | World BankIntl Customs Org | In hostile and uncertain environments, DOD should be prepared to assist and build host nation capacity in evaluating customs operations and assist in border managementDOC has CLDP and NOAA capabilities* State can provide Export Control and Related Border Security (EXBS) assistance focused on developing and enhancing a country's capabilities to prevent proliferation and detect, interdict, and investigate illegal transfers of weapons and materials. |
| | * Ensure incentives in place to conduct efficient and non- corrupt customs service | Treasury USAID DOC DHS | World Bank Intl Customs | * The DOC International Trade Administration, Market Access and Compliance, funds assessments of customs |
| | * Simplify the country's | DOD | Org | systems to understand the |

| | 1 | • | \sim |
|----|------|------|----------|
| Δn | pend | 1V (| |
| nμ | penu | י הו | <u> </u> |
| | | | |

| | customs code for ease of administration for importers with low risk profile for evasion and smuggling * Assess magnitude of non-official international trade, and implications for revenues and economic activity particularly as it affects specific regions of the country or specific types of | | | impact of customs corruption, the level of technical expertise on trade facilitation issues, and assess particular knowledge gaps so that the appropriate technical assistance can be deployed to improve trade between countries and the United States. * Technical assistance can be provided through USAID |
|------------|--|---|---|--|
| Tax Policy | merchandise* Undertake the training of customs personnel necessary to administer customs laws consistently nationwide* Establish laws and a legal structure that ensure accountability of the customs administration and the importing community * Expand port and border crossing capabilities with a view to administering higher volumes of trade | Treasury USAID CLDP DHS DOD | World Bank Intl Customs Org | |
| Tax Policy | of alternative short-term | TreasuryUSAIDDOD | | |

| | tax policies (i.e., tax |
|--------------|---------------------------|
| | holiday)* Identify and |
| | implement ST measures |
| | to increase revenue as |
| | appropriate - cognizant |
| | of effects on war torn |
| | population |
| | * Identify audit capacity |
| | of relevant institution |
| Fiscal Audit | * Determine base line |
| FISCAI Audit | data for audit |
| | * Create or strengthen |
| | compliance laws |

d. Financial Sector.

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|-----------------------|---|--|-----|--------|--|
| Banking Operations | * If banking sector operational, start up commercial banking operations, i.e., open LOC mechanism and trade credits to reintegrate into the international financial community * If banking sector operational, ensure capacity for bank payments and settlements * Evaluate conditions of banks and determine medium-term strategy for operations * Start-up or continue transparent and commercially viable bank operations | USAID Treasury FRB DOD Support | | | Implementing commercial banking is civilian agency action, primarily USAID Treasury does not normally work with commercial banks |

Appendix C

| * Review non-performing loan portfolio for bankrupt banks and decide how to address bank losses | | | | |
|--|--|---|--|--|
| * Evaluate the regulatory | | | | Assessment of regulatory framework |
| framework | | | | and bank licensing procedures and |
| | | | | priorities should be available from the |
| e e | | | | general economic assessment |
| | | | | Intermediate term civilian agency |
| | | | | action |
| | | | | |
| the market | | | | |
| * Set up supervisory and | | | | |
| | Treasury | | | |
| | FRB | | | |
| | USAID | | | |
| | | | | |
| * Prepare manuals and | | | | |
| standards for on-sight and off- | | | | |
| sight bank inspections | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| regulations* Emphasize | | | | |
| transparency in banking | | | | |
| system to prevent corruption | | | | |
| | | W/1 -1 | | |
| * Provide immediate credit including access to micro and | DOD | World Bank | CRS | In all environments, DOD should be prepared to request Contingency |
| | portfolio for bankrupt banks and decide how to address bank losses * Evaluate the regulatory framework * Review and prepare bank licensing standards and procedures * Begin bank licensing process to ensure commercially viable private banks have access to the market * Set up supervisory and regulatory framework for banks * Prepare other prudential banking standards * Recruit and train regulators * Prepare manuals and standards for on-sight and off- sight bank inspections * Institutionalize regulatory system to govern financial transactions by banks* Monitor and Enforce banking regulations* Emphasize transparency in banking system to prevent corruption and enhance economic stability * Provide immediate credit | portfolio for bankrupt banks and decide how to address bank losses * Evaluate the regulatory framework * Review and prepare bank licensing standards and procedures * Begin bank licensing process to ensure commercially viable private banks have access to the market * Set up supervisory and regulatory framework for banks * Prepare other prudential banking standards * Recruit and train regulators * Prepare manuals and standards for on-sight and off- sight bank inspections * Institutionalize regulatory system to govern financial transactions by banks* Monitor and Enforce banking regulations* Emphasize transparency in banking system to prevent corruption and enhance economic stability * Provide immediate credit USAID | portfolio for bankrupt banks and decide how to address bank losses * Evaluate the regulatory framework * Review and prepare bank licensing standards and procedures * Begin bank licensing process to ensure commercially viable private banks have access to the market * Set up supervisory and regulatory framework for banks * Prepare other prudential banking standards * Recruit and train regulators * Prepare manuals and standards for on-sight and off- sight bank inspections * Institutionalize regulatory system to govern financial transactions by banks* Monitor and Enforce banking regulations* Emphasize transparency in banking system to prevent corruption and enhance economic stability * Provide immediate credit USAID World | portfolio for bankrupt banks and decide how to address bank losses * Evaluate the regulatory framework * Review and prepare bank licensing standards and procedures * Begin bank licensing process to ensure commercially viable private banks have access to the market * Set up supervisory and regulatory framework for banks * Prepare other prudential banking standards * Recruit and train regulators * Prepare manuals and standards for on-sight and off- sight bank inspections * Initiate inspections * Institutionalize regulatory system to govern financial transactions by banks* Monitor and Enforce banking regulations* Emphasize transparency in banking system to prevent corruption and enhance economic stability * Provide immediate credit USAID World CRS |

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| | SME lending * Ensure standard banking | | | Contract Funding with the ability to provide micro-grants. |
|-------------------------------|---|-----------------|---------------|--|
| | practices to approve loans are part of early credit programs | | | provide intero-grants. |
| Asset and Money Laundering | * Establish Terrorist Financing Intelligence Unit * Freeze accounts of combatants * Block international access to overseas accounts, money laundering * Trace assets and remit back to the government | Treasury DOD | World Bank | Establish an Interagency Terrorist Finance Unit |

e. Debt.

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|---|---|-----------------------------------|----------------------------|------------------|--|
| Arrears Clearance | * Conduct inventory of multilateral and bilateral arrears * Develop arrears clearance strategy (i.e., multilateral fund, debt forgiveness) * Make necessary payments to creditors | Treasury "Paris Club" | | "London Club" | |
| Economic Enforcement and Anti-Corruption (See Fiscal Policy and Governance) | * Identify incentives to reduce corruption * Assess threat and existence of corruption in political system * Identify drivers of corruption * Develop laws promoting anti-corruption, accountability | State USAID Treasury DOD | IMF World Bank UN | | * Assessment should be available from general economic assessment completed in Chapter 1. * Civilian agency led activity * DOD should use anti-corruption practices to deter corruption * Use public information to educate the public, report and fight corruption |

Appendix C

| and transparency within | | | |
|---------------------------------|-------|------------|--|
| government and private sector | | | |
| * Create mechanisms to curtail | | | |
| corruption, including special | | | |
| prosecutors, witness and judge | | | |
| protection, and ethics norms | | | |
| Assess threat/existence of | | | |
| corruption in political system | | | |
| * Design and implement anti- | | * DOC CLDP | |
| corruption campaign, including | | | |
| education and codes of | | | |
| conduct | | | |
| * Enforce anti-corruption laws, | State | | |
| including removal of corrupt | USAID | | |
| officials | DOC | | |
| * Develop and implement | DOD | | |
| enforcement mechanisms | | | |
| * Combat corruption among | | | |
| police, border, customs, and | | | |
| tax collection forces/units | | | |
| * Empower legal and civil | | | |
| society mechanisms to monitor | | | |
| governmental behavior* Foster | | | |
| transparent governing practices | | | |
| in public and private sectors* | | | |
| Revise procurement | | | |
| procedures | | | |
| 1 | | | |

| f. | Public | Information | and | Commun | ications. |
|----|--------|-------------|-----|--------|-----------|
|----|--------|-------------|-----|--------|-----------|

| | Task | USG | IGO | NGO/PS | Specify Actor(s)/Remarks |
|---|---|-----------------------|-----|--------|----------------------------|
| Disseminate Economic Stabilization and Infrastructure Information | * Utilize media as public information tool to provide factual information and control rumors * Include anti-corruption message | State USAID DOD | UN | | Whole of Government effort |